



CURBside News

NEWS FROM THE WATCHDOG FOR RESIDENTIAL AND SMALL COMMERCIAL CONSUMERS OF UTILITIES SEPT. 2013

CURB files testimony in Westar rate case

The Citizen's Utility Ratepayer Board (CURB) filed testimony on August 21 in the Westar Energy rate case. CURB recommends an overall revenue increase of \$30.6 million rather than the \$31.7 million increase proposed by Westar.

CURB recommends no increase in rates for residential, medium business and public school classes of customers. Small business, large industrial and lighting service classes will see rate increases under CURB's recommendations.

Westar seeks to increase overall net revenue by \$31.7 million. The increase relates to Westar's current expenditures for retrofitting the La Cygne coal plant, a project the KCC has already approved. Westar's claim for costs is offset by reductions in storm cost amortizations from previous cases. Westar calculates the net revenue figure with a 10% built-in shareholder profit, as allowed by a settlement agreement approved by the KCC in Westar's previous rate case.

CURB opposed that settle-

(See Westar rate case, page 2)

CURB opposes settlement proposing formula-based rates for So. Pioneer

Mid-Kansas Electric Company (MKEC) has reached a settlement with Commission Staff and the Western Kansas Industrial Electric Consumers that would allow Southern Pioneer Electric Company, a member-owner of MKEC, to seek annual rate adjustments under an abbreviated rate-making process. Rate adjustments would be based on maintaining a target debt service coverage (DSC) ratio of 1.75. In other words, MKEC is seeking to build equity capital in Southern Pioneer by collecting roughly 75% more in rates for debt service coverage than covering its debts actually costs the company. The company claims its great need for capital to repair, improve and maintain Southern Pioneers' aging infrastructure is prompting the need for frequent rate increases to build equity capital over the next five years.

CURB's view is that the signatories' agreement is pro-

(See Formula-based rates, page 6)

Kansas Electric Transmission authority seeks comments on role

The Kansas Electric Transmission Authority (KETA) is reevaluating its role as a catalyst for new high-voltage transmission projects in Kansas.

KETA was created by the Kansas Legislature in 2005 to help bring large-scale transmission projects to Kansas that would spur wind energy companies to build wind farms in wind-rich areas of the state. KETA members lobbied the Southwest Power Pool for approval of Kansas projects, developed relationships with similar authorities in other states in an effort to coordinate their activities, and even intervened in a line-siting docket or two at the KCC in their efforts to support construction of transmission lines throughout Kansas. Now, its members appear to be willing to consider whether KETA has been so successful that it is no longer is needed.

Since KETA's inception in 2005, several high-voltage line

(See KETA's role, page 8)

Westar rate case (Continued from page 1)

ment agreement, arguing that the 10% shareholder profit was too high.

CURB's recommended \$30.6 million net revenue increase accounts for these prior KCC approvals and uses the 10% shareholder profit figure. However, Westar shares ownership of the La Cygne coal plant with Kansas City Power & Light. KCPL ratepayers only pay a 9.5% shareholder profit on their half of the La Cygne retrofit costs. CURB calculates that Westar's 10% shareholder profit costs Westar customers \$1.5 million annually, or about 3.23% more per year than KCPL customers pay for the exact same plant retrofit. If the KCC applied a 9.5% shareholder profit to Westar's entire system, Westar customers would save \$17.8 million per year.

"Since the KCC had already approved the La Cygne expenditures in a previous proceeding, we didn't expect this portion of the case to be controversial," said David Sprunge, Consumer Counsel for CURB. "What is controversial, however, is that by using a 10% shareholder profit level, KCC makes Westar customers pay more than KCPL customers for the exact same retrofit costs. Westar customers should rightfully be asking why they have to pay more than KCPL customers for the same retrofit."

Another of CURB's concerns about Westar's proposal is

its choice of cost allocation models to justify reducing the rates of larger customers and asking residential and small business customers to bear the costs of doing so. Cost allocation models are used to determine the cost of serving each customer class for purposes of determining how much each customer class should contribute annually to the overall cost of service of the utility.

Westar proposes to increase residential rates by \$62 million annually and increase small business rates by \$21.5 million annually, while at the same time reducing the rates of medium business, large industrial and public schools rates by \$50 million annually. Westar uses a 4-coincident peak (4CP) cost allocation model and the average-and-peak (A&P) cost allocation model to justify this revenue shift.

However, in the two most recent KCPL rate cases, the KCC specifically rejected both of these models in favor of the Base, Intermediate and Peak (BIP) cost allocation model. In November 2010, the KCC specifically rejected the 4CP model in what has become known as KCPL's 415 Docket.

Also, with regard to the A&P model, the KCC said "The BIP method....for allocation of production plant is preferable to Staff's average-and-peak approach. The BIP method provides more structure for modeling costs of production plant and use of generating resources. It also allows for a detailed examination of seasonal costs

and corresponding seasonal rate allocations."

Two years later in the most recent KCPL rate case, the KCC rejected the arguments of Doubletree and Sprint that the BIP methodology allocates a disproportionate amount of costs to the large general service and high load-factor customers, stating, "More importantly, Doubletree's and Sprint's positions ignore the Commission's directive in the 415 Docket, favoring the BIP method over the average-and-peak approach, finding the BIP method provides more structure for modeling costs and allows for a detailed examination of seasonal costs and rate allocations."

They've said it twice now, so there isn't any question about the Commission's preference. As a result, CURB's proposal in this case utilizes the KCC-preferred BIP model to allocate costs.

CURB's BIP model shows that the residential, medium business and public school customer classes are all contributing their fair share towards Westar's costs. CURB's BIP model also shows that the small business, large industrial and public lighting classes of customers should get a rate increase so that these classes will contribute their fair share towards Westar's costs.

However, unlike Westar's proposal, CURB proposes not to reduce the rates of any class so long as any other class is facing a rate increase. CURB's proposal moves the rates of each class towards its fair share of costs in a gradual and

reasonable fashion—to minimize rate shock while softening the level of increases that any single class will pay.

Under CURB's proposal, small business rates will increase 7.2%, large industrial rates will increase 8.2% and public lighting customer rates will increase 10.4%. Residential, medium business and public school rates will not change.

Ultimately, determining whether any individual class of customers is overpaying or underpaying depends on the cost allocation model that is used. CURB used the KCC-preferred BIP model to make this determination, whereas Westar used two models that have already been rejected by the KCC.

Springe admits that the BIP model results aren't entirely favorable to CURB's clients. "While we were not surprised that CURB's BIP model showed that Westar's residential customers are paying their fair share—contrary to Westar's claims—we were surprised that the model showed small business rates do need an increase." He noted that CURB recognizes that the KCC has shown a clear preference for the BIP, so CURB accepts that its small business customers may have to face a modest increase this time around.

According to Springe, Westar hasn't acknowledged the Commission's preference in its filing. "Westar wants the KCC to set rates based on models that have been found to be inferior to the model used to

set KCPL customer rates," he said. "Rightfully, Westar's customers should be asking what reasonable justification there can be to treat the customers of the two largest electric utilities in the state in such a different manner. What justifies setting up different cost allocations and different profits for the costs of upgrading a plant that serves customers of both utilities? We're struggling with how the unfairness of this can be addressed given the Commission's limitations on issues that can be raised in this case."

As Springe's remarks indicated, the Commission's order in Westar's rate case last year limited the issues that can be addressed in this abbreviated proceeding. As a result, CURB believes the Commission should not address Westar's proposals for new economic development and low-income bill assistance in this case.

Springe said, "While CURB supports finding additional support for customers struggling with continuing rate increases, CURB ultimately rejects Westar's proposals as being outside of what the KCC said could be addressed in this proceeding."

The KCC will conduct an evidentiary hearing in this docket on September 26 and 27, and must issue a decision in the case by December 11. The KCC will continue to accept comments from customers on Westar's proposals through September 23, 2013.

KCC Docket No. 13-WSEE-629-RTS

KCC to examine implementation of ATT deregulation bill

On June 13, the KCC opened a general investigation into issues related to the implementation of HB 2201, the bill that finalized deregulation of AT&T in Kansas.

After receiving initial comments in July, the KCC determined on August 20 that the Commission's billing standards no longer apply to telecommunications carriers (all phone companies except local exchange carriers) and electing carriers (AT&T) pursuant to the provisions of House Bill 2201.

The Commission also determined that AT&T is no longer required to comply with the Commission's quality of service requirements or file quarterly quality of service reports.

Additional issues to be examined in reply comments to be filed on September 16 include: how to treat the cap on rate of return carrier support, annual reports, certificates of convenience, and the identical support rule.

KCC Docket No. 13-GIMT-736-GIT

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Uneasy future for Howison Heights in face of financial woes

The Howison Heights water utility near Salina continues to be plagued by financial problems that have defied resolution—as yet.

The April CURBside reported that the Commission had just granted an interim increase of about 100% and that the sixty-customer utility was facing foreclosure on its assets.

Since then, the Commission rescinded its grant of an interim increase, and ordered its Staff to re-audit the utility based on competent evidence of its 2012 costs and revenues. As a result, Staff reduced its recommended increase for Howison by about \$20,000.

CURB recommended a similar increase but recommended using the salary included for Mr. Howison to hire a qualified water operator to run the utility instead.

CURB's recommendation was based, in part, on its discussions with several of Howison's customers at a customer meeting in Salina, where customers emphasized their concerns about poor water quality, poor customer service and haphazard meter reading and billing practices. Given that the foreclosure action leaves some doubt as to who will operate the utility, CURB believes that contracting with an independent operator would help provide continuity in utility operations if the utility changes hands.

The customer meeting was an eye-opener for CURB in several ways. A customer who is also a fireman told the crowd that the local fire department has developed a contingency plan for fighting fires in the Howison Heights service territory, because water pressures are too low in its system to provide sufficient pressures to fight fires. Several customers complained that meters that were broken, buried in muddy water or had gages too dirty to see through were being "read" by Mr. Howison. They also claimed that he rarely wrote down the readings. Another customer brought a bucket containing a water-soaked filter that had been used to filter Howison Height's water at his home. After three months' use, the filter was clogged with thick, rusty-red sediment.

CURB was relieved, however, to hear officials from the Kansas Department of Health and Environment assure the crowd that Howison's water is safe to drink and use for domestic purposes. They said the water does not endanger health, but its high concentration of iron and magnesium is the source of the rusty stains it leaves on fixtures and laundry, and the odd smell it emits when combined with too much chlorine. Most customers present asserted that they would not drink Howison's water. The few that do drink it said they would not do so if they had installed filters to improve its quality.

Further complicating resolution of the many concerns about

the utility's finances and quality of service, Howison Heights' owner filed for Chapter 11 bankruptcy protection on July 24. The filing triggered an automatic stay of the foreclosure action and all debt-collection efforts by creditors.

For now, the two banks involved in the foreclosure action have agreed not to attempt to seize utility revenues provided by customers, which we hope will allow Howison Heights to continue to serve customers throughout the bankruptcy.

Rather than a proceeding to liquidate assets to satisfy creditors, Chapter 11 bankruptcy contemplates continuation of the business under a reorganization plan that would permit the business to repay its debts over the long term. Developing the plan is a collaborative process among the debtors, the creditors and other parties-in-interest, guided by the trustee. The goal is to develop a reorganization plan that will allow the business to continue to operate while addressing its long-term obligation to pay off its debts.

The process of developing the plan can take from as little a few months up to as long as several years, the length of the process depending largely on how long it takes for the creditors to reach an agreement. Liquidation of the utility assets may be the ultimate choice, but the Chapter 11 bankruptcy process focuses on trying to keep the business in operation if there's a possibility that

creditors will eventually recover most of what they are owed.

The relationships between bankruptcy courts and regulatory agencies such as the Kansas Corporation Commission are generally cooperative: courts don't want to take over the job of regulating a utility and generally try to develop plans with regulatory concerns in mind. The court's focus is on putting the business back on track to address its debts, which is a goal that is consistent with the interests of Howison's customers as well as its creditors. CURB is hopeful that the bankruptcy court in this case will allow the rate case and the investigation to continue to their logical conclusions at the Commission without impeding the regulatory process.

So, at this juncture, the foreclosure action is stalled by the filing for bankruptcy protection. The first creditors' meeting was scheduled for August 29. The Commission is due in November to issue its order in the rate case. The Commission's investigation of Howison's financial condition is focusing on the possible consequences of the foreclosure and bankruptcy proceedings. In the meantime, the Commission has ordered Howison Heights to repair or replace equipment that will improve and stabilize the quality of Howison's water.

CURB has recommended that the Commission order Howison to adhere to basic accounting standards in keeping its books, a recommendation that may be enforced by the bankruptcy court rather than the

Commission; bankruptcy courts can be quite demanding in their insistence on accurate reports and records. We are hoping that these proceedings will ultimately result in reasonable rates, improved quality of service and better water quality for Howison's beleaguered customers.

Per statute, the Commission must issue a decision in the rate case by November 13, 2013.

KCC Docket Nos. 12-HHIW-570-RTS and 13-HHIW-460-GIV

Salina to Concordia line projects approved

On May 3, 2013, ITC Great Plains and Mid-Kansas Electric Company jointly filed an application for a siting permit to construct a 345 kV transmission line from ITC's Elm Creek Substation near Concordia in Cloud County south through Ottawa County near the town of Wells.

On May 3, 2013, Westar Energy filed its application for a siting permit to continue the ITC line from the Wells interconnection with ITC's line, and run it south into Saline County to connect with Westar's Summit Substation near Salina.

Public hearings on the lines were held in Minneapolis and Salina earlier this summer. Landowners raised typical concerns about the lines: view-scape issues and concerns about interference with farming and livestock operations. Alternative routes were suggested by several landowners, a few of

which were considered acceptable to the companies, which nevertheless prefer their proposed routes in most cases. Some alternatives suggested would require the landowners to ask the county to abandon unimproved roads that would be used as part of the easements required for the line.

Both proceedings were settled by agreements with Commission Staff. CURB did not object to the settlements, but was not a signatory of either agreement. CURB generally plays a limited role in siting dockets. Our role is to discourage the adoption of expensive modifications to proposed routes that will drive up customer rates. Neither agreement adopted unreasonable modifications, in CURB's view.

The Commission approved both settlements, granting ITC's siting permit on August 27 and granting Westar's permit two days later. The companies plan to begin pre-construction surveying and negotiating for easements in late 2013, with construction commencing sometime in 2014. They are aiming for completion of the projects sometime in 2016.

KCC Docket Nos. 13-ITCE-677-MIS and 13-WSEE-676-MIS

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Formula-based rates

(Continued from page 1)

posing an extraordinary change in ratemaking policy in Kansas.

CURB opposes the settlement, and has urged the Commission to consider whether adopting formula rates, which by definition greatly limit or restrict the ability of the parties and the KCC to review the underlying costs, would take a giant step beyond the parameters of current policy. A decision of this magnitude should not be taken lightly.

While CURB recognizes that Southern Pioneer's problems with aging infrastructure may merit additional infusions of capital from customers, the legislature and the Commission, in similar circumstances, have developed mechanisms that provide utilities timely recovery for capital improvements while also protecting ratepayers from unwarranted risk and unnecessarily high rates.

The Commission has the authority and discretion to reject the settlement or modify it so that it is consistent with the policies that have led the Commission and the legislature to build reasonable safeguards and limits into the surcharge mechanisms that they have approved.

CURB is concerned that the formula rate plan will generate non-fuel base rate increases as high as 40% annually. Expenditures of the extra cash infusions will not be limited to costs related to needed infrastructure projects, but can be spent on anything the utility chooses.

Further, the proposal provides for only 90 to 120 days for the parties to review each rate filing. If the costs included in the plan were limited to non-discretionary costs related to system upgrades and repairs, review in that short time frame might be manageable. However, CURB is concerned that adequate review of the entire range of utility costs that can be included in the company's annual filings will be difficult for parties who have fewer employees than the Commission Staff can devote to the task.

On August 23, CURB filed its brief detailing its major objections to the settlement agreement. CURB first argued that the target DSC ratio is higher than necessary for the infrastructure improvement plan to succeed, which will result in unreasonably high rate increases even in years where such large infusions of cash will not be needed.

The second argument focused on the fact that the proposed formula rate plan is inconsistent with current policy in Kansas that provides that extraordinary recovery mechanisms should include only certain types of costs, provide adequate opportunity for review of the underlying expenses, and provide safeguards against unreasonably high increases.

CURB pointed out to the Commission that most extraordinary rate mechanisms that have been approved by the Commission and the legislature have three key characteristics: They are limited to adjustments for specific types of costs, they

are limited to non-discretionary costs that cannot be foreseen or controlled through prudent management, and most have built-in limits on how large the surcharges may grow over a specified time period. The Gas Safety and Reliability Surcharge is one example; the surcharge for property taxes is another. Virtually all surcharges that allow annual increases do not allow the utility to increase rates for discretionary spending of any sort. But this proposal does.

That's why CURB opposed the settlement, and encouraged the Commission to either reject the plan altogether or put into place the kinds of safeguards that have been placed into other extraordinary ratemaking mechanisms to prevent the utility from being tempted to use the mechanism to increase salaries or provide themselves luxury offices as well as fixing the worn-out equipment needed to provide adequate service to its customers.

KCC Docket No.13-MKEE-452-MIS

Mid-Kansas seeks additional rate increase for Southern Pioneer

On May 17, 2013, Mid-Kansas Electric Company, LLC filed an application with the KCC seeking an increase in its rates for electric service in the service territory served by Southern Pioneer Electric Company. The application was filed pursuant to a state law that

allows a utility to make an abbreviated rate filing within twelve months of a base rate case proceeding. The company received a \$5 million rate increase in June 2012, and is now requesting an additional rate increase of \$780,188, based on \$9 million in additional debt borrowed since the last general rate case.

After reviewing and investigating the application, CURB's consultant has filed testimony recommending that the Commission approve a rate increase of \$778,565, a reduction of \$1,623 from the amount proposed by the company. Staff is recommending a rate increase of \$777,995, a reduction of \$2,233 from the amount proposed by the company.

CURB's consultant has also filed testimony objecting to the allocation proposed by a consultant for an intervenor representing industrial customers. CURB supports the company's proposal to allocate the rate increase evenly across all customer classes, resulting in a 4.28% increase for all customers. The industrial intervenor has proposed to allocate the rate increase in the same proportion received in the last rate case, which was designed to allocate the entire revenue requirement to move each customer class toward its cost of service. Here, the Commission will only be allocating an incremental increase, which should be evenly allocated to all customer classes in the absence of a class cost of service study indicating how much each cus-

tomers class is now contributing to its current cost of service.

The Company will file its rebuttal testimony on August 28, and the case is scheduled for hearing on September 18 and 19. A Commission decision is expected on or before November 13, 2013.

KCC Docket No. 13-MKEE-699-RTS

MKEC spin-down settled; order pending

On August 13, the KCC held a hearing to consider a settlement agreement entered into between Mid-Kansas Electric Company LLC, KCC Staff, the Western Kansas Industrial Electric Consumers, and Kansas Electric Power Cooperative, Inc. CURB was not a signatory to the settlement agreement, but did not oppose the terms of the settlement because specific terms proposed by CURB were included in the settlement.

The settlement agreement provides that Mid-Kansas' certificate of convenience will be transferred—or spun down—to its six member-owner utilities; retail rates will be transferred as well.

Additionally, a \$1.1 million annual payment related to the settlement of a contractual dispute between KEPCo and two of the member-owners will be socialized to all of the acquired customers. This socialized amount will add approximately \$6 a year through the year 2018 to the electric bills paid by the customers of the six member-owner utilities.

The settlement also contains an agreement to hold system-wide votes for each member-owner utility to determine whether the rates and services of each utility will become or remain exempt from oversight and regulation by the Commission. This is different than the right to vote negotiated and approved in the Aquila acquisition Docket (06-MKEE-524-ACQ), which provided that the former Aquila customers being acquired by each member-owner utility would have the right to vote whether or not the acquiring utility would be regulated by the Commission. However, the settlement also requires that each customer will receive a consumer advisory letter from CURB describing the disadvantages of deregulation and the advantages of continued oversight and regulation by the Commission.

The Commission received evidence and testimony at the August 13 hearing, and is expected to reach a decision on or before September 18.

KCC Docket No. 13-MKEE-447-MIS

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Suburban Water proposes increase

On May 17, 2013, Suburban Water Company filed an abbreviated rate case requesting Commission approve a residential rate increase of \$35,030. This is the third and final rate case in a series of rate cases that stemmed from the increased cost of water purchased by Suburban from the Kansas City Board of Public Utilities (BPU).

In 2010, the BPU announced its plans to increase the cost of water to wholesale purchasers like Suburban by almost 8% each year for a five year period. Suburban purchases nearly 60% of the water it sells from the BPU. An agreement between Suburban Water and the KCC Staff established a schedule that required Suburban to file three rate cases in order to recover the increased cost of purchased water.

In this, the final rate case, Suburban was allowed to request additional revenue for only two expenses: the cost of purchased water from the BPU and rate case expenses associated with this third rate case. After reviewing the application, CURB and Staff have agreed that Suburban should be allowed to increase rates by \$23,628. This rate increase will raise an average residential customer's monthly bill by \$2.00.

CURB, Staff and Suburban are still awaiting Commission approval of the agreed upon rate increase. The rate increase, if

approved, will likely take effect in late 2013.

KCC Docket No. 13-SUBW-700-RTS

Comments on Kansas Lifeline credit sought

On May 17, 2013, the Commission opened a general investigation to address the impact of the newly implemented \$9.25 flat-rate monthly Federal Lifeline Credit on rural local exchange carrier residential and Kansas Universal Service Fund (KUSF) local service rates, as well as the impact Federal Communications Commission Federal Lifeline reforms may have on Kansas Lifeline subscribers.

Comments were filed by Verizon Access Transmission Services and CURB on June 14, and reply comments were filed by CURB on August 15. CURB seeks to preserve the existing \$7.77 Kansas Lifeline credit as well as implementing an annual increase based on the Consumer Price Index for Urban Consumers (CIP-U) to offset the current trend of increasing prices of basic local service in Kansas.

KCC Docket No. 13-GIMT-597-GIT

KETA's role

(Continued from page 1)

projects have been completed in Kansas and several others are in various stages of construction. Other proposed projects for the state are lined up in the SPP planning process queue.

Further, Kansas projects have been prominent on the list of high-priority projects within the Southwest Power Pool's regional grid, wind farms have multiplied in central and western Kansas, and Kansas is now exporting wind energy to other states.

Whether or not KETA was responsible for the proliferation of new projects, it's clear that the procedural logjams at SPP that were delaying approval of needed projects are largely a thing of the past under a reformed approval process adopted by SPP in the last few years. As a result, some states have disbanded their transmission authorities. KETA is clearly toying with the idea of recommending to the legislature that it should disband as well.

However, the members are leaving KETA's future open to public comment, and is asking interested members of the public to submit responses to six questions that are designed to elicit responses on the need for KETA, its mission, the composition of its membership and other related matters. Comments should be submitted by 5 p.m. on September 9, for discussion at KETA's meeting on September 11. Those interested in KETA's future role are encouraged to respond.

Visit KETA's website at <http://www.kansas.gov/keta/Reports/RequestPublicCommentFutureKETA.pdf> for a list of the questions and instructions for how to submit comments.

Clean Line seeks siting permit;

Clean Line Energy Partners of Houston has filed an application with the Commission for a siting permit to build a 500 MW direct-current high-voltage line that will transport wind energy from the high plains of western Kansas to energy markets in the Midwest. Dubbed the Grain Belt Express, it would be the first high-voltage direct-current line to be built in Kansas.

The Kansas portion of the proposed route begins in the Spearville area near Dodge City, roughly parallels Highway 156 from Kinsley to Great Bend, runs north parallel to Highway 281, turns east near Osborne, passes near Marysville and Hiawatha along Highway 36, then exits Kansas in Doniphan County south of Troy. The 750-mile line will cross Missouri and terminate in Illinois.

Unlike most transmission lines in Kansas, the cost of this line is being borne solely by the company building it, which plans to recoup its costs by contracting to transport approximately 3,500 MW of wind energy to states further east that want to purchase energy from renewable sources. No ratepayer money will be used to finance the project. It is also unique in its design as a stand-alone line that will not be interconnected with the regional grid. Direct-current transmission is more efficient over long distances, but the high cost of

the substations required to convert DC to AC current makes interconnections of AC transmission lines with DC lines too cost-prohibitive. The Grain Belt Express will connect wind farms to its substation near Spearville, convert their AC power output to DC, and transport it via the 500 MW line to a substation in Illinois, where it will be converted back to AC and sold to utilities.

The fact that the company has the right as a public utility to exercise eminent domain in acquiring easements for the line has raised some eyebrows around the state. The line won't serve any Kansas electric customers, and won't be part of the grid that serves all Kansas electric customers. There has been strong pushback from landowners who object to having to provide easements for a transmission line that isn't serving Kansans and won't improve reliability to the area grid. Thus far, the Commission has received hundreds of comments and signatures on petitions from those opposing the line.

On the other side, supporters say that the project will bring needed jobs, fair compensation for easements, and will enable more wind farm projects to go forward by providing dedicated transmission access for their power.

Some landowners have called to ask CURB to help them oppose the line. We've told them that CURB does not represent landowners in their relationship with utilities in negotiating routes or easement

payments; we represent rate-payers in their relationship with the utilities as their electric service providers. CURB has not intervened in this case because the ratepayers that CURB represents will not be paying for the line nor served by it. Our statutory role is to protect customers' interests, and residential and small business customers of the public utilities will not be affected by the outcome of this docket, whether or not the Commission approves the proposed route.

The Commission will conduct a technical hearing, which is open to the public, concerning the proposed transmission construction project. This technical hearing is scheduled to begin at 9:00 a.m. on October 8 in the first floor hearing room at the Kansas Corporation Commission, 1500 SW Arrowhead Road in Topeka. At this hearing representatives of the Commission Staff, Grain Belt Express, and the intervenors will present their respective positions to the Commission. Members of the public will not be afforded an opportunity to testify, but their comments submitted to the Commission during public hearings held earlier this summer and during the public comment period that ended on August 28 will be taken into account as the Commission considers whether to approve the proposed route. The Commission's order must be issued no later than November 17.

KCC Docket No. 13-GBEE-803-MIS

KGS' parent company to reorganize; no big changes for Kansas employees, customers contemplated

On August 16, 2012, ONEOK filed an application with the Commission for approval of a corporate reorganization plan that would spin-off its three regulated natural gas utilities, including Kansas Gas Service into an independently-traded corporation.

According to the application, Kansas Gas Service will become one of three divisions of the new company, which will be called One Gas, Inc. Key employees who are integral to its current operations will be transferred to One Gas from KGS, and no workforce reductions in Kansas are anticipated. The company's three natural gas utilities will continue to be regulated by the utility commissions in Kansas, Oklahoma and Texas.

The application is conditioned upon ONEOK receiving a favorable private letter ruling on the tax-free nature of the transaction from the IRS related to the proposed tax-free dividend of the new corporation, ONE Gas, Inc.'s shares to existing ONEOK shareholders. The company says that the separation will benefit the utilities by reducing their exposure to the financial risk inherent in its other operations, which are engaged in gathering, processing, storage and

transportation of natural gas and also supplying natural gas liquids to key markets.

CURB hasn't yet determined whether the restructuring of ONEOK is as beneficial for KGS and its customers as the company claims it will be. CURB filed a petition to intervene in the docket and intends to participate in the proceedings at the Commission to consider the restructuring proposal.

KCC Docket No. 14-KGSG-100-MIS

Welcome to CURB's new board members

The governor has appointed two new members to the Citizens' Utility Ratepayer Board.

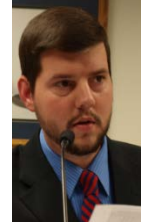
Bob Kovar was appointed to the board by Gov. Brownback on August 5 to serve a four-year term. He developed a deep interest in investigating rising utility rates. His involvement led to subsequent contact with CURB and the KCC, and to testimony before the Senate Utilities Committee.

Kovar is a 60-year resident of Kansas and a graduate of Shawnee Mission North. He attended KU and worked with Hallmark Cards as an engineer in Creative Services before serving over 27 years as an air traffic controller and team supervisor at the Air Route Traffic Control Center in Olathe. He has enjoyed the past 11 years of retirement while working the family hay fields on his and his wife Valerie's

farm in Osawatomie, hunting and hiking in Miami County, and spending time with their nine children and 25 grandchildren.



Kovar



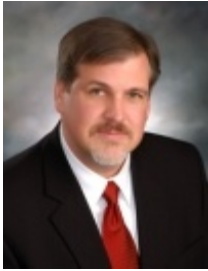
Weber

Brian Weber is a former state representative who previously represented the 119th District in the Kansas House of Representatives. He also served as House Majority Whip, chairman of a budget committee, and a member of the Appropriations Committee as well other committees.

Weber is co-owner of Weber Refrigeration & Heating, Inc. where he works in management. The business specializes in HVAC, geo-thermal, and energy management, and serves the region with branches in Garden City, Dodge City, Liberal, Ulysses, and Guymon, Oklahoma.

Weber earned his B.A. from Newman University in Wichita, KS and his Master's degree from Fort Hays State University. He is also a Section 608 Licensed Technician Type 1 and 2 in HVAC and refrigeration. He has served as a board member and trustee for numerous companies and civic organizations, and as a volunteer for numerous non-profits. Weber and his wife, Alicia, reside in Garden City, KS and have one daughter.

Consumer Counsel's



CORNER

I have to admit I'm a little distracted at the moment here in the corner. I'm 15 hours away from packing up my bike and driving to Colorado for some Labor Day rest and relaxation. Technically, there won't be much relaxation, as we will be hurtling ourselves down the side of a mountain on our bikes. Terror with a big wide smile may be a more appropriate description.

But before I go, I do want to take a moment to say goodbye to three exceptional Board members. Nancy Jackson, who was Chair of the CURB Board for three years, came to CURB with an extensive background in energy policy with her work for the Climate and Energy Project. Stephanie Kelton, who was CURB Vice-Chair for the past two years, is a Professor of Economics at UMKC and brought academic rigor in energy and monetary economics to the Board. Ken Baker, who works in public broadcasting in Hutchinson, always kept his focus on the people of Kansas and our strong sense of public service.

Ultimately, it is the Board that sets CURB policy and represents residential and small commercial customers. I'm just the lawyer here. But I can tell you it has been a great pleasure to work with these three exceptional individuals, to have ideas challenged by them and to endeavor to carry out the Board's policy guidance. They all focused on the long-term well-being of our clients, our state and our environment and not just what may be expedient or popular today. Residential and small business customers were well-served by their thoughtful efforts.

We also have two new Board members to welcome. Brian Weber is a small (and growing) business owner from Garden City and former State Representative and House Majority Whip. Bob Kovar is retired and farming in Miami County after spending a career in air traffic control. Having visited with each of them briefly, I am equally excited about the wealth of experience and ideas each will bring to the Board.

I also don't want to forget our continuing Board members. Bob Harvey takes over leadership of the Board as Chair, and Ellen Janoski takes over the Vice-Chair position. They have both been CURB members for two years. They understand our role, and our challenges, and are going to make a great leadership team.

I think one of the things that keeps CURB a vibrant agency is this periodic changing of the Board. I hate to say goodbye to experienced Board members

I've come to know well, but every new Board member breathes new life and ideas into the Board. It keeps a lot of energy in the agency, brings a lot of fresh ideas to the discussion and certainly keeps me and the Staff here at CURB on our toes. I've truly been very blessed. Governors, both Republican and Democrat, have appointed really exceptional Kansas to serve on the CURB Board. It's one of the things I love about working here every day.

That said, a vacation also has its place in the renewal process. Terror with a big wide smile...it's time to go get some of that.

--Dave Springe

Editor's note: Dave is back at work, and the CURB Staff is pleased to see that unlike last summer, this year he came back in one piece. -NC

**CURBside
is brought to you
by the Staff of
CURB:**

**CONSUMER COUNSEL
DAVID SPRINGE**

**ATTORNEYS
NIKI CHRISTOPHER
STEVE RARRICK**

**TECHNICAL STAFF
STACEY HARDEN**

**ADMINISTRATIVE
STAFF
SHONDA SMITH
DELLA SMITH**

CURB excluded from Westar energy-efficiency docket

On August 15, 2013, the Kansas Corporation Commission denied CURB's request to participate in a docket filed by Westar to seek recovery of costs associated with Westar's energy efficiency programs. Although CURB has been granted inter-

vention in all previous dockets related to utility recovery of energy-efficiency costs after filing identical petitions to intervene, the Commission applied new requirements for intervention in excluding CURB from this docket.

CURB filed a petition for reconsideration on August 20, 2013, asserting the Commission unlawfully denied CURB's participation as the statutory offi-

cial intervenor on behalf of residential and small commercial ratepayers.

CURB believes the Commission has unlawfully created requirements for intervention that are not contained in the Kansas statute applicable to intervention in Commission cases. CURB's petition for reconsideration is pending.

KCC Docket No. 14-WSEE-030-TAR

The Citizens' Utility Ratepayer Board



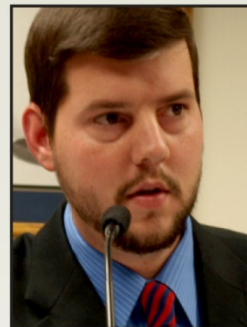
Robert L. Harvey
Topeka



Ellen Janoski Peck



Bob Kovar
Osawatomie



Brian Weber
Garden City



Member
TBA

CURBSIDE
THE CITIZENS' UTILITY RATEPAYER BOARD (CURB)
1500 S.W. ARROWHEAD RD.
TOPEKA, KANSAS 66604
TELEPHONE: (785) 271-3200
FAX: (785) 271-3116
EMAIL: ecurb@curb.kansas.gov