

CURB News

News from the Watchdog for Residential and Small Commercial Utility Consumers

October 2022



THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

Kansas Ratepayers Should Brace for Higher Energy Prices This Winter

From all indications, energy prices are expected to be notably higher this fall and winter than we have seen in recent years. In its [October 2022 Winter Fuels Outlook](#) base case scenario, the U.S. Energy Information Agency forecasts that, nationwide, household natural gas expenditures will be 28% higher and household electricity expenditures will be 10% higher this coming winter compared to last winter. Of course, natural gas and electricity prices may be higher or lower than expected. Energy fuel costs are driven by global supply and demand and can fluctuate daily based on market conditions, and household energy usage is primarily driven by weather.

To better manage your energy budget, it helps to know that a utility bill is made up of three major elements: 1) a delivery charge that can be composed of a fixed service charge and volumetric charges pertaining to costs incurred by the utility to deliver energy to consumers; 2) energy cost, which is a “pass-through cost” to customers with no profit added; and 3) taxes. It is also important to note that the Kansas Corporation Commission (“Commission” or KCC) does not regulate natural gas or electricity fuel prices; rather those prices are deregulated or set by federal guidelines. Moreover, Kansas gas and electric utilities themselves do not set energy fuel prices. Those prices are set by other participants in the market place.

We recommend that consumers be prepared for the real possibility of higher utility bills in the coming months. Being proactive is the first and most important step, and conserving energy is a key action. Some of the most significant and readily available actions that consumers can take to alleviate the cost of energy this winter are conservation efforts. Here are some tips to conserve energy. Some relate to winter specifically, others to all seasons. Most are simple and inexpensive.

- Take advantage of the heat from the sun. If your home has south-facing windows, open the curtains on those windows during the day to allow the sun to heat your house. In the evening, close the curtains to reduce the chill from cold windows.

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curb.kansas.gov

MAJOR CASES WE ARE CURRENTLY FOLLOWING:

- **Winter Storm Uri Dockets**
- **19-KCPE-096-CPL**
Energys – Integrated Resource Plan and Capital Plan
- **22-EKME-254-TAR**
Energys – Energy Efficiency Programs
- **23-ATMG-359-RTS**
Atmos Rate Case

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- Keep thermostats down to a safe level. Lower your thermostat to 68° during the day and 58° when you are away from home. However, do not take extreme measures in this regard which could affect the health of residents or lead to damage to pipes.
- Attach door sweeps on exterior doors. Even a tiny gap around the front or back doors of a house can let in as much cold air as leaving a small window half open. Weather-stripping is another way to keep cold air from entering your house through exterior doors and windows.
- Seal your windows. Some authorities point out that a square plastic piece costing around \$0.20, when properly installed, can save you as much money as a new storm window. To install the plastic correctly, start in the center of the window and move to the corners; then, when blow drying the plastic taut, start at the corners and move to the center.
- Keep your fireplace damper closed unless a fire is burning. Leaving the damper open is like keeping a window wide open – warm air goes right up the chimney.
- Unplug electronics when they are not in use. Up to 75% of a home's power usage can come from failing to unplug electronic gadgets when not in use.
- Reduce your shower and bath time. Showering and bathing can account for 40% of your home's hot water use.
- Turn down the heat on your water heater. Many water heaters use a default setting of 140 degrees to heat water. However, one can be perfectly comfortable with a setting of 120 degrees. Better yet, in addition to reducing the heat setting on your water heater, cover your water heater with a water heater tank cover. This could reduce heat loss from the tank by approximately 25%.

Financial assistance is available to provide relief for energy costs. Federal, state, and local programs offer help through energy assistance agencies and state housing authorities. Also, many utilities offer programs like budget billing to spread costs more evenly throughout the year; installment plans that distribute past due balances over a longer period of time; and online tools that compare a current bill with a previous bill so customers can better understand the impact of fluctuations in weather, billing days, taxes and delivery charges.

Kansas homeowners and tenants can apply for utility bill assistance, mortgage and rental assistance, and help with home weatherization services through the Kansas Housing Resources Corporation (“Kansas Housing”). A program that may be helpful to low income families toward winterization of homes is the Kansas Weatherization Assistance Program (WAP). This program is administered by the U.S. Department of Energy, and Kansas Housing is the local service provider. Under Kansas WAP, eligible households receive a comprehensive home energy audit to identify inefficiencies and health and safety concerns. In order to qualify for Kansas WAP, an applicant must be a Kansas resident and meet certain income thresholds. For example, for a family of four, total household income must currently not exceed \$55,000 (before taxes). An application can be filed online with Kansas Housing at the following hyperlink: [Weatherization Assistance \(kshousingcorp.org\)](https://www.kshousingcorp.org). Additional information can be obtained by calling (785) 217-2001.

If, despite conservation efforts, your bill remains higher than you can pay, CURB suggests that you first contact the pertinent utility. Early contact is important because some assistance programs may not be available to customers with past due balances. Even if you have a past due balance, the utility may be the best source to

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help you find a solution.

Additionally, there are a number of governmental and non-governmental entities that may be able to provide assistance to those struggling to afford utility services this winter. CURB lists below a few hyperlinks to websites to organizations that may provide assistance.

Foremost among these is the Low Income Energy Assistance Program (LIEAP). LIEAP is a federally-funded program administered by the Kansas Department for Children and Families (DCF). If a family is eligible, LIEAP will pay a portion of their home energy costs through a one-time per year benefit. DCF lists three qualifications that must be met by a family to be eligible for LIEAP:

1. There must be an adult living at the residence who is personally responsible for paying the heating costs incurred, which can be payable either to the landlord or the fuel vendor;
2. Applicants must demonstrate a recent history of payments toward purchase of the primary heating energy; and
3. The combined gross income (before deductions) of all persons living at the address may not exceed 150% of the federal poverty level.

Eligible participants should apply for LIEAP as early as practicable, as funds are limited. Funds are distributed on a once-per-year basis. LIEAP distributions are based upon the amount of federal funding received by Kansas, the number of applicants anticipated by DCF, the type of dwelling and the type of primary heating fuel of the subject residence, as well as the number of household members and household income involved. More information about LIEAP can be found by calling 1-800-432-0043 or at the following hyperlink: dcf.ks.gov/services/ees/Pages/EnergyAssistance.aspx.

There are several non-governmental entities that may provide assistance for consumers who cannot pay their utility bills. dcf.ks.gov/services/ees/Pages/HelpOrg.aspx is a good place to locate available assistance. One can enter their zip code and locate a number of organizations that may potentially provide assistance. Among these are the following programs offered by Kansas utilities:

- Atmos Energy Share the Warmth Program
- Black Hills Cares
- Kansas Gas Service Share the Warmth Program
- Evergy's Project Deserve

Websites for accessing these programs are set out below. In addition to these websites, CURB lists a number of entities that may provide assistance to ratepayers who cannot pay their utility bills. These include United Way, Inc., among several others. The pertinent page in CURB's website showing energy assistance program sites is curb.kansas.gov/links.php. The KCC has a similar site: kcc.ks.gov/consumer-information with additional listings. Consumers can also call 211 or go to 211.org for find assistance in paying utility bills.

The KCC Cold Weather Rule may provide some relief for consumers who cannot pay their utility bills during the period from November 1 through March 31 of each year. The Cold Weather Rule applies only to residential customers of electric, natural gas, and water utility companies under the KCC's jurisdiction during the

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referenced period. Importantly, under the rule, a utility can't disconnect you when the temperature is forecasted to drop below 35 °F within the following 48-hour period, except in certain circumstances. However, you must make payment arrangements with the utility to prevent disconnection when it is 35 °F or above, or to be reconnected regardless of temperature. Typically, such a pay arrangement entails an agreement to pay 1/12 of the overdue bill, plus 1/12 of the current bill, as well as all disconnection and reconnection fees plus any applicable deposit owed to the utility. The customer must agree to pay the remainder in equal payments over the next 11 months, but can negotiate a payment to pay off the balance more quickly.

As indicated earlier, Kansas utilities have dedicated web pages to help their customers. Some of these are as follows:

- Atmos Energy: atmosenergy.com/assistance
- Black Hills Energy: blackhillsenergy.com/winter-ready
- Empire-Liberty Utilities: [Financial Help \(libertyutilities.com\)](https://libertyutilities.com/financial-help)
- Evergy: [Financial Help \(evergy.com\)](https://evergy.com/financial-help)
- Kansas Gas Service: [Assistance Programs \(kansasgasservice.com\)](https://kansasgasservice.com/assistance-programs)

KCC Approves Black Hills' Voluntary Renewable Natural Gas and Carbon Offset Program

KCC Docket No. 23-BHCG-037-TAR

Black Hills proposed a Voluntary Renewable Natural Gas (RNG) and Carbon Offset Program for a pilot period of four years beginning January 1, 2023, through December 31, 2026. The Program will provide interested residential and small commercial retail customers with the opportunity to buy "blocks" to offset a certain amount of CO₂ emissions associated with natural gas usage each month. One "block" represents the offset of 20.5 therms of natural gas emissions, which equates to approximately one-third of the average residential customer's monthly usage or one-sixth of the average small commercial customer's monthly usage.

For each block purchased by customers, the Company will procure a combination of carbon offset credits and RNG environmental attributes to reflect mitigation of that carbon footprint.

A carbon offset is a reduction in emissions of carbon dioxide or other greenhouse gases made to compensate for emissions made elsewhere. Carbon offsets can be derived from several sources and are grouped into categories, including, but not limited to, renewable energy development, landfill methane avoidance and destruction, energy efficiency, and improved forestry management. The "carbon offset credits" associated with these projects can be bought and sold.

RNG is a natural gas alternative derived from renewable sources. As organic waste breaks down without oxygen it emits methane gas (e.g., biogas) that can be cleaned to meet natural gas pipeline quality speci-

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fications. “RNG attributes” are a certification associated with the production of the RNG commodity.

Black Hills will not be producing the RNG or carbon offsets used in the Program. The Company will be obtaining the RNG attributes and carbon offset credits through a third party, 3Degrees.

Customers wishing to take part in the Program would voluntarily opt-in to purchase the blocks. Customers would specify a set number of blocks they wish to offset natural gas emissions each month and may opt out or adjust their block level at any time, effective upon the next billing cycle. Although the rate structure is designed for three blocks to offset an average residential customer’s emissions (six blocks for average small commercial) customers can buy as many blocks as they choose, regardless of their personal usage.

Black Hills also seeks approval of a deferred accounting mechanism to capture the revenues and expenses associated with the Program. A deferred accounting mechanism ensures that the Program will be funded exclusively by participants of the Program and costs will *not* be passed on to customers who do not enroll in the Program. Customers who are not enrolled will not bear any added costs associated with the Program.

On September 27, 2022, KCC Staff filed a Report recommending approval of the program with a few minor clarifications. Subsequently, on October 6, 2022, CURB filed its response to KCC Staff’s Report.

Ultimately, CURB recommended approval of the Program because: 1) the Program is voluntary, 2) the Program does not require any long term commitment by customers, 3) and customers who are not enrolled in the Program will not bear any added costs associated with the Program. CURB added a stipulation that the Company should provide annual reporting on several metrics to better understand the benefits of such a program and its popularity with customers. The reporting metrics have not been finalized, but will likely include: participation and revenue data; environmental impacts; ratio of RNG attributes to Carbon Offset Credits; and comparisons between performance of the Kansas pilot Program and similar programs being offered in Black Hills’ other jurisdictions.

Black Hills responded to the recommendations of KCC Staff and CURB. The Company was generally agreeable to all recommendations and will work with CURB and Staff to refine the reporting metrics in a manner that will provide transparency into the costs and benefits of the program.

On October 25, 2022, the Commission issued an Order Approving Black Hills’ Application as Modified by Staff and CURB. The Program is approved for a four-year pilot period from January 1, 2023–December 31, 2026. Customers interested in participating in this program should contact the Company around the beginning of next year.

Atmos Energy Files Rate Case Application

KCC Docket No. 23-ATMG-359-RTS

On September 9, 2022, Atmos Energy (“Atmos”) filed an Application seeking approval from the Commission in Docket No. 23-ATMG-359-RTS to make changes to its rates. Atmos provides retail natural gas service to approximately 139,000 customers in Kansas, including natural gas service to 110 communities located in 32 counties.

Atmos Energy is requesting an overall revenue increase of approximately \$8.3 million. The increase excludes moving or rebasing the \$3.5 million currently collected through the Company’s Gas System Reliability Surcharge Rider into base rates and setting the rate to zero, as well as \$0.6 million of the Company’s Ad Valorem Tax Surcharge being adjusted into Ad Valorem Expense and collected in base rates going forward rather than through the Ad Valorem surcharge. The estimated impact of the revenue requirement increase on the average monthly bill of a residential customer is \$5.60.

With respect to rate design, Atmos Energy is proposing a traditional two-part rate design with an increase to both its monthly facility and volumetric charges. These requested increases are of significant concern to CURB.

Atmos is further requesting an increase in the current budget and a five-year extension of its System Integrity Program (SIP) Tariff that was approved in the 19-ATMG-525-RTS Docket. The request is to increase the current budget from \$35 million to \$50 million to address alleged increases in costs due to inflation. Atmos asserts that the five-year extension of the SIP tariff would allow the Company to further accelerate its progress in the replacement of obsolete materials in the Kansas system. The current SIP is in its 3rd year of the 5-year term.

Further, Atmos Energy is requesting to be allowed to implement a Voluntary Smart Choice Carbon Offset Tariff (SCCO) Rider. The SCCO Rider is designed to provide customers the voluntary option to offset some or all of the carbon emissions associated with their natural gas usage through the Company’s purchase and retirement of Carbon Credits on their behalf. (Carbon Credits are certificates representing measurable, verifiable emission reductions from certified climate action projects.)

CURB staff is currently reviewing the Application, testimony, and data requests filed in the docket and will continue to review additional information as it becomes available.

CURB has retained the services of several consultants to assist with this docket.

CURB will keep you updated as the docket moves forward.

Atmos Requests to Spread its Rate Adjustment for Natural Gas Cost Under-Recovery Over Two Years

KCC Docket Nos. 23-ATMG-387-PGA and 23-ATMG-394-ACA

The KCC allows natural gas public utilities to utilize purchased gas adjustments (PGA) to recover the costs of natural gas purchased in order to provide service to customers. It is important to note that the KCC does not regulate natural gas commodity prices. Further, there is no profit or markup on these costs from the utility to its customers.

In a given month, gas utilities must estimate their purchased gas costs and calculate the PGA rate for the following month no later than the 25th day of the current month. Currently, Atmos submits its PGA rate (expressed as \$/Ccf) on the 15th day of each month. Atmos's PGA Rate is publicly available, updated monthly, at [Kansas Rates and Tariffs \(atmosenergy.com\)](https://www.atmosenergy.com/kansas-rates-and-tariffs). Any differences between the projected gas costs recovered through the PGA rate and the actual gas costs incurred are recovered through an Annual Cost Adjustment ("ACA") factor which is applied to the PGA rate over the following PGA year.

Unprecedented levels of volatility observed in the natural gas markets over the last year was responsible for a dramatic level of under-recovery over the '21-'22 PGA year. Atmos's total ACA balance stands at \$28,330,655.

In Docket 23-ATMG-387-PGA, Atmos has requested to adjust its date for submittal of its PGA rate to the 25th day of each month in response to the extreme levels of natural gas price volatility. Moving the date closer to the end of the month should, in theory, result in PGA rates more reflective of actual costs.

In Docket No. 23-ATMG-394-ACA, Atmos has requested permission to defer the recovery of half of its under-recovered purchased gas costs incurred during the '21-'22 PGA year under its ACA factor. This would have the effect of half of these costs being recovered during the '22-'23 PGA year and the other half being recovered during the '23-'24 PGA year. Atmos is not requesting carrying charges from customers as part of this deferral.

Based on the proposed ACA charge and average monthly usage of approximately 71 Ccf, the estimated average bill impact for a residential customer would be \$7.12/month over two years as opposed to \$14.24/month if recovered over one year. Considering that residential natural gas usage peaks in winter (113 Ccf/month average last winter), customers who do not subscribe to Budget Billing will find the bill impact more profound during winter.

CURB is supportive of Atmos's proposals because it results in reduced impact on customers' bills without including carrying costs for the ability to spread this recovery over two years versus just one. On October 20, 2022, KCC Staff submitted its Report which recommended approval of both Applications. Moving the PGA submittal date closer to the end of the month should smooth over/under recoveries and result in PGA rates more reflective of actual costs, going forward.

A Commission Order on this matter is expected before November 1, 2022.

UPDATE: KCC Approves Securitized Bond Proposals for Recovery of Winter Storm Uri costs for Kansas Gas Service and Atmos

KCC Docket Nos. 22-KGSG-466-TAR and 22-ATMG-538-TAR

During February 2021, sub-zero temperatures and increased demand for electricity and natural gas caused by Winter Storm Uri placed significant stress on utilities. Meanwhile, wholesale natural gas prices increased up to hundreds of times higher than normal.

Using traditional rate-making treatment to recover the extraordinary costs associated with Winter Storm Uri would result in extreme customer rate impacts. Therefore, both Kansas Gas Service (KGS) and Atmos have requested authority to securitize the extraordinary costs. Under securitization, Securitized Utility Tariff Bonds will be issued to finance the qualified extraordinary costs (QECs). These bonds should result in lower carrying charges compared to customary ratemaking over an extended repayment period.

KGS Securitization Plan

On March 31, 2022, in Docket No. 22-KGSG-466-TAR, KGS filed its initial plan to securitize QECs associated with Winter Storm Uri.

On July 14, 2022, a unanimous settlement agreement was reached between KGS, KCC Staff, and CURB.

Per the Agreement, KGS would be authorized to recover an estimated \$328,264,080 of QECs through the issuance of securitized customer backed bonds. KGS would be allowed flexibility to issue securitized bonds with a scheduled final maturity of between seven to ten years. The issuance of securitized bonds to recover the QECs from the Winter Event is expected to provide net quantifiable rate benefits to customers, estimated at \$35 million–\$46 million based on KGS's most recent estimates of securitized bond interest rates from seven to ten years as compared to recovering the QECs using traditional ratemaking methods. KGS has formulated a fixed charge by class, allocated based upon each class's percentage of total February sales volumes. Residential customers are expected to see a monthly charge of approximately \$4.87–\$6.42 for a period of seven to ten years, respectively, if securitized bonds are issued. This compares to \$9.04 per month if these costs were recovered over a five-year period using traditional ratemaking.

An evidentiary hearing on this matter was held August 4, 2022. Patrick Orr, CURB's Regulatory Analyst, testified before the Commission in support of the Agreement.

A Commission Order was issued on August 18, 2022, approving the Agreement. The bonds are expected to be issued March 2023.

Atmos Securitization Plan

On May 25, 2022, in Docket No. 22-ATMG-538-TAR, Atmos filed its initial plan to securitize its extraordinary costs associated with Winter Storm Uri.

On September 15, 2022, a unanimous settlement agreement was reached between Atmos, KCC Staff, and CURB.

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Per the Agreement, Atmos will be authorized to recover an estimated \$118,514,030 of QECs through the issuance of securitized customer backed bonds. Atmos will be allowed flexibility to issue securitized bonds with a scheduled final maturity of ten years (up to twelve years if necessary to achieve the optimal credit rating). The issuance of securitized bonds to recover the QECs from the Winter Event is expected to provide net quantifiable rate benefits to customers, estimated at \$8.5 million based on KGS's most recent estimates of securitized bond interest rates for ten years as compared to recovering the QECs using traditional ratemaking methods. Atmos has formulated a fixed charge by class, allocated based upon each class's percentage of total February sales volumes. Residential customers are expected to face a monthly charge of approximately \$5.78 for a period of ten years if securitized bonds are issued. This compares to \$10.55 per month if these costs were recovered over a five-year period using traditional ratemaking.

An evidentiary hearing on this matter was held September 27, 2022. Josh Frantz, CURB's Sr. Regulatory Analyst, testified before the Commission in support of the Agreement.

A Commission Order was issued on October 13, approving the Agreement. The bonds are expected to be issued March 2023.

UPDATE: CURB files Testimony in Support of Settlement Agreements Intended to Initiate a Robust Set of Energy Efficiency Programs Offered by Evergy

KCC Docket No. 22-EKME-254-TAR

As past CURB newsletter articles have reported, Evergy Kansas Central (EKC) and Evergy Kansas Metro (EKM) filed an application with the Commission seeking approval of a slate of energy efficiency programs for customers in Evergy's Kansas service territories. EKC and EKM (together as "Evergy") filed this application on December 17, 2021. CURB retained the services of Synapse Energy Economics, Inc. ("Synapse") to review the application and provide technical support and analyses. Synapse is a consulting company that has worked with numerous governmental organizations and consumer interest groups on issues of energy efficiency development and policy.

Over several months, Evergy held numerous workshops with CURB, KCC Staff, and several stakeholders regarding elements of the energy efficiency programs offered by Evergy. After these workshops, CURB and other stakeholders filed testimony on June 24, 2022. These concerns are highlighted in past CURB newsletter articles and are not reiterated here.

Importantly, in its testimony, CURB has consistently maintained its support for creating new energy efficiency opportunities for customers. CURB believes that cost-effective and widely accessible energy efficiency programs can reduce the utility's need to rely on spending for new generation facilities to meet customer demand. Kansans are eager to participate in programs that allow for low-cost weatherization upgrades and other measures to lower personal energy bills, as evidenced by various customer surveys. CURB believes both the utility and ratepayers can benefit greatly from well-funded and expansive energy efficiency offerings and

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now is the time to pursue such measures.

However, because Evergy's proposed energy efficiency programs were not as aligned to residential and small commercial ratepayer concerns, CURB made a number of recommendations to Evergy's Application to be largely achieved on a prospective basis. In its testimony, CURB highlighted a number of concerns such as the need for transparency in metrics designed to show the benefits and costs of the programs and suggesting certain reforms to financial aspects of the programs. CURB stands by these concerns and suggestions because they represent important tools to further develop and improve energy efficiency offerings for ratepayers.

Following the filing of testimony, all stakeholders met around July 26, 2022, in an attempt to settle on a path forward for energy efficiency programs in Kansas. Evergy, CURB, and other stakeholder groups agreed on two interdependent, non-unanimous agreements (a Programs Agreement that outlined the details of the program and offerings and a Financial Agreement that dictated how the program would be funded) which would bring forward energy efficiency in Kansas. In CURB's view, Evergy's application represented a good start to building up Kansas's energy efficiency profile, even though there are several areas for modification to improve the benefits for ratepayers.

Below are a number of key provisions of the settlement agreement:

- The settlement program budget for both the Central and Metro service areas is \$96 million over four years (72% of Evergy's proposed budget). However, if agreed-upon metrics that show energy savings are being met and other specific measurements are achieved, then the budget increases to \$122 million (90% of Evergy's proposed budget). This budget staging helps assure that ratepayer funds are cost-effective.
- Evergy's Hard-to-Reach Homes (HTR Homes) budget, which Evergy designed to reach low-income ratepayers, will be 10% of the total portfolio budget, but split into 5% towards weatherization and 5% for non-weatherization efforts. Evergy can recommend expansion in years 3 and 4 if the program is proven to be effective. Stakeholders will work with Evergy over the next two years to define effectiveness criteria for determining the appropriate budget. Evergy will add a specific income-eligible multi-family component with a defined budget and savings targets. Evergy will work directly with partner agencies for weatherization funding and administration. Evergy will also work with stakeholders on reporting requirements and identifying eligibility criteria, to initially include all households earning up to 200% of the Federal Poverty Level.
- Evergy agreed to use the form of a Pay As You Save (PAYS®) program, run by a third party administrator, which would allow for on-bill financing of energy efficient appliance upgrades. Per the Programs Agreement, 80% of a customer's annual bill savings from energy efficiency improvements would go toward paying for the cost of the upgrade, while the customer retains 20% of the bill savings to cut their energy costs. It also calls for the option to extend the term so that participants realize savings during the repayment period.

CURB has never viewed Evergy's application as being optimal nor static. In fact, CURB is not aware of any energy efficiency program in any state in the entire United States that is optimal or that hasn't change

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from its inception. Indeed, CURB realizes that to work towards optimality, one must begin with something more than what is currently available in Kansas. To this end, Evergy promised — and Kansas law requires good faith on the part of all parties to an agreement — that it will engage in meaningful discussion and mutual work towards improving energy efficiency in Kansas in future filings, which should lead to significant energy savings for Kansas ratepayers over time.

It is important to note that current Kansas law does not require a utility to offer energy efficiency programs to its customers. At its core, energy efficiency seeks to reduce the amount of product that a gas or electric public utility sells. In light of that fact, the Kansas Legislature determined that energy efficiency programs must adequately incentivize a utility in order for it to undertake such a role in Kansas. In CURB's view, it is simply not in the interest of Kansans to continue to languish at an unenviable status of having no energy efficiency programs and no energy savings merely because all the parties cannot come to an agreed set of terms on budget and offerings. However, from CURB's perspective, Evergy adopted a number of changes and suggestions from CURB and other consumer groups that reflect compromise in this area. Such changes would allow for a robust study of utility-ran programs in Kansas and would give regulators and stakeholders important data to continue refining the process in the future. Further, the Programs Agreement contains a variety of offerings and incentives for ratepayers across all customer classes and socioeconomic status to participate and realize potential benefits. Therefore, CURB supported the settlement agreements. As CURB's witness, Alice Napoleon, stated in her testimony:

“Although there have been a number of concerns and reservations brought forward regarding the ‘richness’ of Evergy’s proposed lost revenue and performance incentives, the terms of the agreements represent a significant reduction in cost to ratepayers relative to the initial proposal.... The projected benefits and degree of collaboration and review that will follow this portfolio represents a good first step in realizing the potentially substantial benefits from energy efficiency. The agreements are projected to provide millions in net benefits.” (Emphasis added.)

While there will be some rate impact to residential ratepayers if the settlement is approved, CURB felt these impacts to be minimal compared to the potential of significant energy savings and reduced capital expenditure in the future. Ms. Napoleon states:

“Rate impacts should be considered relative to the substantial projected net benefits of the programs and will be balanced by bill impacts as more and more customers have the opportunity to participate in the programs to achieve bill savings throughout the life of the programs.”

An evidentiary hearing was held before the KCC from August 9 through August 10. At that time, a Commission order was due on October 21, 2022.

On August 23, 2022, Evergy filed a Motion to stay the docket until September 29, 2022 to allow Evergy to attempt to work out a new settlement agreement with KCC Staff and others. The Commission granted this

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request on September 1, 2022. Staff filed a Second Update on Post-Hearing Discussions on September 29, 2022. They stated that discussions continued with Evergy but a settlement agreement had not yet been finalized or approved by all parties to the docket. Staff requested the Commission again extend the stay until October 28, 2022, to allow parties the opportunity to review terms for a possible agreement, if one is reached. Sierra Club and Kansas Appleseed filed an objection to Staff's extension request and asked the Commission extend the stay until October 6, 2022. The Commission denied this request and granted Staff's request for an extension until October 28, 2022. No date for a Commission order has been determined.

This docket continues to evolve. More to come on new developments in future CURB Newsletters.

UPDATE: KCC Orders Public Workshop Regarding Evergy's Capital Investment Plans

KCC Docket No. 19-KCPE-096-CPL

On September 15, 2022, the Commission ordered Evergy to provide updated financial modeling and transparency into customer bill impacts related to Evergy's Capital Investment Plan (CIP) and to share the results during a public workshop. This was in response to comments from CURB and KCC Staff regarding Evergy's 2022 update to the CIP, which was previously filed on February 28, 2022. The Commission echoed concerns from CURB and KCC Staff around the rising level of planned capital investments in areas such as transmission and renewable generation, and the need for such rapid investments during a time of higher prices and inflation rates. Of note, Evergy's five-year capital expenditure plans have risen to levels well beyond that of Evergy's 2021 CIP projections and that of the 2020 Sustainability Transformation Plan (STP). The current projection in the CIP is approximately \$1.2 billion higher than the figures provided in the STP and \$1 billion over the 2021 CIP update.

Both CURB and KCC Staff will have an opportunity to question Evergy representatives about the CIP and projected bill impacts during this workshop. CURB has highlighted increased spending in areas such as information technology related to alternative product offerings and questioned the value such investments have for ratepayers who are simply looking to lower their monthly energy bills. In conjunction with rising fuel prices and coal supply constraints, a customer is likely to see bill increases even with comparable usage levels from 2021. Updated financial modeling and projections from Evergy must be submitted to CURB and KCC Staff by December 2, 2022.

The Commission has ordered Evergy to collaborate with CURB and KCC Staff in order to develop the format and manner of presentation that this workshop will follow. The Commission has set the workshop to take place via virtual meeting on December 13, 2022, starting at 9:30 a.m. Members of the public are invited to watch the workshop on the KCC's YouTube channel, but will be unable to directly participate. As more details are finalized, CURB will continue to apprise ratepayers of the updates and how they can learn more.

UPDATE: KCC Approves Non-Unanimous Settlement in Favor of NextEra Transmission Line

KCC Docket No. 22-NETE-419-COC

On August 29, 2022, the Commission issued an Order approving the non-unanimous settlement agreement to grant NextEra Energy Transmission Southwest, LLC (NEET SW) a certificate of convenience and necessity (CCN) to construct and operate a new transmission line between the Wolf Creek Nuclear Plant in Kansas to the Blackberry station in Missouri. This particular line was identified by the Southwest Power Pool (SPP) as a solution to significant congestion and transmission issues during the SPP's regional planning process. The Commission analyzed the managerial, technical, and financial capabilities of NEET SW and the ability to operate the line for the duration of the project's life. Several stakeholders, including CURB, KCC Staff, and Evergy, joined in the agreement and witnesses testified to the potential benefits of the project for Kansans. In its Order, the Commission acknowledged these potential benefits and the general benefits associated with SPP membership in approving the agreement. The Commission found that the evidence in the record substantially supported the conclusion that reduced energy costs associated with the transmission of energy and market price disparities throughout the SPP region would change for the betterment of Kansans. In addition, the project would likely enhance system reliability and safety by giving Wolf Creek a fourth high voltage line to transfer the energy produced by the plant in the event of failures from other lines.

The Commission also added several reporting requirements for NEET SW to provide the Commission and stakeholders with information about the costs and progress of the project during construction. Further, the Commission required NEET SW's parent company to provide a financial guarantee that will follow the company if it is ever sold, merged, or dissolved. Further, in light of the presence of existing Evergy infrastructure along the proposed line route, the Commission ordered NEET SW to study the potential of using this infrastructure to create double circuit lines rather than needlessly building more poles. The Commission required Evergy and NEET SW to work together and collaborate about the project's route to effectively and efficiently construct the line regarding the potential for double circuits. The results of this study will be incorporated as part of NEET SW's line siting application for approval of the project's final route.

Evergy filed a Petition for Reconsideration (PFR) in response to the Commission's Order, seeking clarification regarding Evergy's role in the study of the potential for a double circuit. On September 29, 2022, the Commission denied Evergy's PFR on the grounds that Evergy's understanding of the original Order was accurate and that further clarification was not necessary.

Opponents to the settlement agreement also filed PFRs, alleging deficiencies in the record and in the Commission's initial Order. The Commission issued a responsive Order denying reconsideration on October 11, 2022. In that Order, the Commission determined the allegations were unsubstantiated and failed to state claims that would warrant reconsideration on the merits of the case.

NEET SW must now present a line siting application, pursuant to K.S.A. 66-1,180, to the Commission that describes the final route of the project and addresses the additional requirements as laid out by the Commission. CURB intends to monitor the progress of this application and subsequent construction of the line to ensure that landowners are treated fairly and that construction costs are kept to a reasonable level as proposed by NEET SW.

CURB, KCC Staff, and Kansas Utilities Working Together To Allow Low-Income Assistance

Atmos Energy, Black Hills Energy, Evergy, and Kansas Gas Service have been working with CURB and the KCC Staff on a legislative bill that would allow Kansas utilities to file for approval by the Commission of assistance programs aimed at helping low-income residential ratepayers with their utility bills. CURB is pleased to announce that all Kansas utilities are enthusiastic about the legislative bill and have all contributed input on the language of the bill. The proposed bill would make low-income assistance through a tariff voluntary among utilities, and subject to review and approval by the Commission, pursuant to the Commission's procedural rules. Under the draft proposal, the Commission can approve a low-income assistance tariff if it is in the public interest (fulfilling good public policy). The voluntary nature of low-income tariff assistance allows Kansas utilities to find the best path forward to help their respective low-income residential customers. CURB is aware that each Kansas utility has various means to assist low-income customers with their utility bills. If the legislative bill becomes law, CURB anticipates that each utility will work with the KCC staff, CURB and other stakeholders to find the best way to individually help low-income residential ratepayers in their respective service territories. It is important to note that no other utility customer class, outside of the residential class, would experience rate impacts due to low-income tariff relief being granted.

At this point in time, the broad language contained in the legislative bill is still being refined. CURB anticipates sharing the finished product with other interested parties and stakeholders at a later time. Following this, CURB envisions that collaborators will present the legislative bill to be enacted. CURB wishes to thank all who have spent time and effort on this worthwhile endeavor. CURB believes that such an addition to the law will provide much-needed relief to Kansans facing growing energy burdens.

2022 Kansas Renewable Energy Conference Recap

On October 3–4, members of CURB staff attended the 2022 Kansas Renewable Energy Conference in Manhattan, Kansas. The conference is an annual in-person event (after a two-year hiatus) organized by the Kansas Department of Commerce with support from a number of public utilities and private businesses.

Throughout the event, there were sessions focused on a myriad of renewable energy topics, including: wind energy, solar energy, energy storage, energy transmission, hydrogen power, renewable natural gas, transportation innovation, and federal funding and clean energy incentive opportunities.

Panelists and presenters included subject matter experts from the Southwest Power Pool, the U.S. Department of Energy, Kansas University, Good Energy Solutions, and the Kansas Department of Transportation, among others. Each of the sessions offered opportunities for audience questions and interaction. There were also speakers from major companies, such as Spirit Aerosystems and Colgate-Palmolive, who discussed their company's renewable energy goals and strategies. The exhibition hallway held informational booths for several organizations and vendors such as the Kansas Energy Program, NextEra Energy, Cromwell Solar, and Evergy, which promoted various projects and opportunities related to renewable energy.

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With rapid technological improvements, concerns regarding climate and environment, and political concerns over energy independence, it is certainly an exciting time to be involved in the renewable energy sector. The Kansas Renewable Energy Conference provided a good opportunity for CURB’s attendees to learn about the state of the market and to network with other organizations on a topic that is of growing interest in Kansas.

ABOUT THE 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

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 Board is composed of five (5) appointed volunteer members representing the four congressional districts in Kansas and one at-large member. CURB was initially founded by the Chairman of the Kansas Corporation Commission upon a perceived need for a stronger consumer advocate. CURB has evolved into an independent agency, currently employing a consumer counsel, two supporting attorneys, two analysts, and two administrative staff.



OUR MISSION: To zealously protect the interests of residential and small commercial utility ratepayers before the Kansas Corporation Commission and the Kansas legislature.

OUR VISION: To protect Kansas residential and small commercial utility ratepayers by promoting the delivery of optimal utility services—being safe, reliable and technically robust, environmentally sensible, cost-effective, and equitably provided to all Kansas utility consumers at just prices.

NOTICE: Melody McCray-Miller, the Board member from the Kansas 4th Congressional District, has resigned from the Board due to time constraints. The Governor is presently searching for her replacement. The remaining Board members are pictured below.

The Citizens’ Utility Ratepayer Board



Carol Barta
Chair
Manhattan



Leilani Grey
Vice-Chair
Topeka



Rachel Jefferson
Member
Kansas City



Mary Treaster
Member
Pretty Prairie