



## PUBLIC HEARING

**Westar Energy**

**Docket No.18-WSEE-328-RTS**

**Tuesday, May 22, 2018**

Washburn Institute of Technology

Main Conference Center

5724 SW Huntoon

Topeka, KS

### **Agenda**

6:00 p.m. Meeting Convenes

*Presentations by*

Westar Energy

CURB

KCC Staff

Q&A Forum

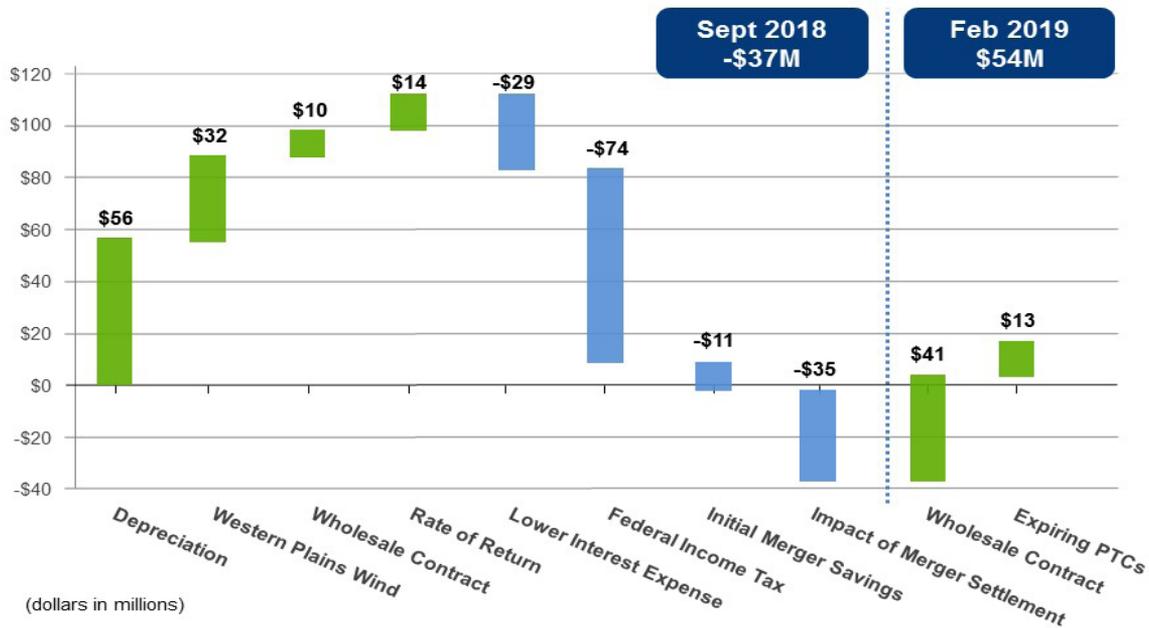
Formal Public Comments Session

The hearing will be broadcast live on the KCC website:

**<http://kcc.ks.gov/>**

A recording of the hearing will be available on the site beginning May 30, 2018.

## Less than 1% increase, if merger approved



### What is behind the request?

#### Lowering Costs

- Lower Federal Taxes, \$74 million
- Lower costs from financing, \$29 million
- Anticipated merger efficiencies, \$11 million (from our original request)
- Additional lower costs from merger, \$35 million (if merger settlement is approved)

#### Increasing Costs

- **Depreciation update** – Depreciation is the accounting method companies use to show the decrease in the value of assets over time due to wear and tear. As companies add plant investments to serve customers, they also assign depreciation costs to those assets. The KCC requires periodic updates to align the cost of recovering plant investments to provide service with the customers who benefit. It helps ensure that customers who are benefiting from investments are also those paying for them.
- **Western Plains Wind Farm** – This new Kansas wind farm has been providing energy and reducing fuel costs for customers for more than a year, but the investment to build the wind farm isn't yet reflected in our prices. During the 20-year life of the wind farm, fuel savings from energy produced at Western Plains will benefit customers by \$70 million more than the cost of the wind farm.
- **Expiring credits from wholesale contracts, renewables** – Production tax credits from some of our earliest wind farms are ending. Wholesale contracts that offset rates for retail customers are also ending.



## Additional rate plan proposals

### Electric Transit

The Topeka Metro Transit has expressed its intent to purchase electric buses in an effort reduce tail pipe emissions for its fleet, and to power these buses on renewable energy procured from the Westar Wind program or other methods. We think other cities are likely to consider electric buses, too.

### Electric charging stations

Westar anticipates providing electric service to electric vehicle charging stations in our service territory and is proposing a rate to meet that need. KCP&L already offers a rate schedule for EV charging stations as part of its Clean Charging Network.

### Optional three-part efficiency rates

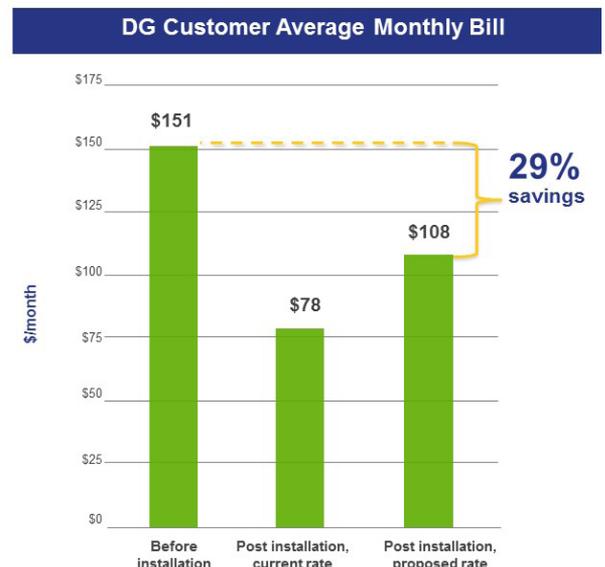
Two optional rate plans will reward residential customers who help make the overall power grid more efficient by shifting their heavy power use away from times of peak system demand, which is 2 to 7 p.m. weekdays, especially during the summer. Saving electricity during this time can help avoid the cost of adding new power plants. These three-part rates include a basic service fee, a demand charge and an energy charge. The demand centers on that important 2 to 7 p.m. time frame, with a demand charge based on their use during that time. The energy charge for customers on these rates is less than it is under our standard residential rate.

- **Residential Electric Vehicle (REV) rate** – This is an optional rate for electric vehicle owners to reward them for shifting use, including vehicle charging, to off-peak hours.
- **Residential Peak Efficiency Rate** – This optional rate is open to all residential customers.

### Customers with private generation

Customers with private power generation – most commonly, solar panels – installed since October 2015, will take service on a three-part rate structured like those above. We've been sharing this change with new solar customers since the KCC approved future implementation of this rate structure in 2015. This rate recognizes how these customers use the electrical system differently, yet still rewards them for power they produce for themselves or to sell back to Westar. It eliminates the present subsidy of these customers by other residential customers. Our customers with private generation prior to October 2015 are not impacted by this rate plan change.

- Customers with solar panels still use power grid >99% of the time
- Proposed rate aligns with Commission's policy



# The Citizens' Utility Ratepayer Board

State of Kansas

## CURB

### **What We Are:**

- We were created by the legislature in 1989 as a branch of the Kansas Corporation Commission (KCC) to advocate for residential and small business customers of the utilities regulated by the KCC; in 1991, CURB became a separate state agency with its own budget, board and staff
- Policy and guidance is provided by the five-member volunteer board, with one member from each Congressional district in Kansas and one at-large member
- Members are appointed by the Governor to four-year terms that may be renewed by the Governor
- Board meets publicly at least four times a year to make decisions and develop policy that guides staff action
- Board employs a consumer counsel, staff attorneys, a technical analyst and two administrative staffers to carry out the directives of the Board and manage the CURB office
- CURB's budget is funded by regulatory fees paid by the utilities, not tax dollars; the utilities' regulatory costs are passed through to their customers in utility rates

### **What We Do:**

- Represent the interests of residential and small commercial customers of the regulated public utilities in proceedings at the KCC and in appellate courts
- Offer testimony at the legislature on bills that may affect utility customers
- Provide the consumers' point of view through our participation in task forces, organizations and committees that are helping to formulate and/or influence energy policy in Kansas and the nation
- Help consumers find the information they need about utility matters, energy issues and energy policy and refer them to sources of assistance and advice

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# **The Citizens' Utility Ratepayer Board**

## ***How you can help CURB further the goal of affordable energy for all homes and small businesses:***

- Contact your legislators and let them know your opinions on utility matters
- Attend KCC public hearings in your area and testify to the KCC about your concerns
- Send comments to the KCC during the public comment periods
- Become better informed about utilities and energy matters so that the input you offer policy makers is more effective and persuasive
- Be proactive in reducing your consumption of electricity and use energy more efficiently to reduce the need to build costly generation plants
- Be proactive in reducing your consumption of natural gas, which is a finite resource that will get more expensive as supplies diminish

## ***Subscribe to the CURBside newsletter:***

- Contact CURB to receive the CURBside, a newsletter sent out via email several times a year to inform the public about utility matters and CURB's activities

## ***How to contact CURB:***

- Call: 785-271-3200
- Email: [ecurb@curb.kansas.gov](mailto:ecurb@curb.kansas.gov)
- Write us: 1500 SW Arrowhead Road, Topeka, KS 66604
- Contact us through our website: <http://curb.kansas.gov/>

OVER 130  
YEARS  
OF  
REGULATORY  
SERVICE  
FOR  
KANSAS

*from Railroads to  
Electricity  
Natural Gas  
Oil & Gas Production  
Telecommunications  
Motor Carriers  
Common Carriers  
Energy*



SINCE  
1883

## *Kansas Corporation Commission*

### *Then & Now...*

In 1883, the Board of Railroad Commissioners was established by the Legislature and signed into law by Governor George Glick. Under the new law, Commissioners worked to ensure safe and reliable service for the public on the developing railroads. The Commission was charged with balancing the needs of Kansans and industry in reaching reasonable rates.

The Kansas Railroad Commission was one of the first and strongest regulatory agencies in the country. The Commission's role was primarily investigatory and advisory. Only on specific complaints from governing bodies or voter petitions could Commissioners issue awards that had legal force. The act establishing the Commission was a compromise that reflected the challenge of an emerging and necessary industry in the development of the Midwest.

As electricity and telephones became part of daily life, the 1911 Public Utilities Commission replaced the Railroad Commission. The role expanded to include the regulation of telephone service, water, light, heat, and pipeline and power companies.

In 1920, the Court of Industrial Relations was created to combine regulatory tasks with the arbitration of wages, hours, and industry and labor disputes. This evolved into the Public Utilities Commission with powers of the previous Commission. In 1925, the body became the Public Service Commission.

Eight years later in 1933, the present regulatory State Corporation Commission was established. Today the Commission's

**1883** – *established*  
*Board of Railroad Commissioners*

**1898**  
*Court of Visitation*

**1901**  
*Board of Railroad Commissioners*

**1911**  
*Public Utilities Commission*

**1920**  
*Court of Industrial Relations*

**1921**  
*Public Utilities Commission*

**1925**  
*Public Service Commission*

**1933** – *present*  
*State Corporation Commission*

challenge is the regulation of the ever changing electric, natural gas, telecommunications, oil and gas, and transportation industries.

Only one regulatory agency which focused on public utilities has been in existence since 1883. Each form of the Commission maintained the mission of safe and reliable service to the public. The industries and issues regulated over time have changed, but the commitment to Kansans has remained the same.

*Continuing to Serve the Citizens of Kansas*

## Who is the Kansas Corporation Commission and what does the Commission regulate?

- Three Commissioners: Chair Shari Feist Albrecht, Commissioner Jay Scott Emler, and Commissioner Dwight D. Keen.
- Appointed by the Governor and confirmed by the Kansas Senate.
- Serve staggered 4-year terms.

The Commission regulates public utilities including telecommunications, natural gas, electric and water companies, as well as motor carriers, oil and gas pipelines, and oil and natural gas production. The mission of the Commission is to serve the people of Kansas by regulating the State's energy infrastructure, oil and natural gas production, and commercial trucking to ensure public safety. Our vision is a Kansas served by safe, reliable, environmentally responsible, diverse energy supplied at the lowest cost and for safe travel for the motoring public.

*Please note that the Commission does not regulate cell phones, internet service, most municipal utilities, or electric and natural gas cooperatives.*

## Why does the Commission regulate public utilities?

- Kansas law requires a public utility to obtain a certificate of convenience from the Commission.
- Regulation helps protect consumers in areas where there is not competition or a reasonable alternative is not available.
- Kansas law requires the Commission to balance the needs of the utility company and the needs of consumers to determine just and reasonable rates and terms of service for the public utility.

## Regulatory Considerations

The Commission's regulatory oversight of public utilities primarily pertains to rates and terms of service. In order to ensure that customers of regulated utilities are provided sufficient and efficient service at just and reasonable rates, utilities may not change their rates without Commission approval. The Commission's primary objective is to balance the interests of the public and the utility while ensuring reliable and cost efficient service.

*Interests to consider:*

- The public's need for reliable utility services provided at just and reasonable rates.

- The utility's interest in being fairly compensated for the services it provides (this includes infrastructure and services).

## Commissioners' Duties and Obligations

- The Commissioners are essentially administrative judges who have the power to review, approve, reject, or modify an application by a utility company for rate increases or changes.
- Commission decisions are formal and are documented as orders in the dockets addressing the request or concern.
- Commissioners weigh the evidence and make a determination as to what rates are just and reasonable to both the company and ratepayers.
- While Commission orders are given great weight, their decisions are appealable to the Kansas Courts.

## Parties in a Utility Rate Case

1. The Utility Companies – represent the interest of the companies.
2. Commission Staff – represents the interests of the public generally. Staff includes accountants, auditors, economists, analysts, engineers, and attorneys.



# CONSUMER INFORMATION

- Staff reviews every filing for compliance with Kansas Statutes and Commission Regulations.
  - Staff reviews the data in the filing for accuracy; analyzes the company's financial records, and recommends revenue and income adjustments based upon Kansas law and regulatory theory.
  - Staff identifies the potential impacts (positive or negative) of any actions requested by the utility on the ratepayers, the utility, and the public generally.
  - Staff works to ensure rate designs are fair to each customer class and fair to the utility.
3. Interveners – represents specific interests from certain sectors of the public. Interveners provide testimony from experts and may address issues of revenue, policy, and cost allocation/rate design.
- Citizens' Utility Ratepayer Board (CURB)
    - CURB specifically represents the interests of residential and small business ratepayers.
  - Other interested parties include:
    - Large commercial customers.
    - Third party wholesale customers.

## The Process

An application for a rate increase is filed by the utility with supporting documentation and testimony. A complete copy of Westar Energy's application and supporting testimony is available on the Commission's website at [www.kcc.ks.gov](http://www.kcc.ks.gov) by searching Docket Filings for Docket No. 18-WSEE-328-RTS.

- Application filed: February 1, 2018.
- Commission Staff and Interveners review the application.
- Public Hearing: May 22, 2018.
- Public Comment Period thru 5:00 p.m. CDT July 18, 2018.
- Each party prepares testimony and evidence supporting their position(s).
- Evidentiary Hearing: beginning July 23, 2018.
- Commission Order: September 27, 2018.

## Public Comments

Your comments are appreciated and requested. Participating in the public hearing and providing comment during the open comment period are the only two ways for the public to participate in the formal regulatory process. Public hearings provide an opportunity for you to learn more about a utility company's proposal to change its services, rates, or practices. The hearing also allows you to provide official comment that becomes part of the record and is considered by Commissioners when deciding the outcome of the case. Public hearings are generally scheduled for major rate cases, and public comments are accepted prior to the start of the evidentiary hearing.

The Commission will accept public comments from Westar Energy customers through 5:00 p.m. CDT, July 18, 2018. There are three convenient ways to submit a comment:

1. Go to the KCC website ([www.kcc.ks.gov](http://www.kcc.ks.gov)) to enter your comment. Click on the link under Your Opinion Matters.
2. Send a written letter to the Kansas Corporation Commission, Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, KS 66604-4027. Be sure to reference Docket No. 18-WSEE-328-RTS.
3. Call the Commission's Public Affairs office at 1-800-662-0027 or (785) 271-3140.

Public Comments received during the comment period will be entered into the official case record and posted on the website at the end of the comment period.

## Contact Us

4. Docket No. 18-WSEE-328-RTS
  - Email: [public.affairs@kcc.ks.gov](mailto:public.affairs@kcc.ks.gov)
  - Toll Free Helpline: (800) 662-0027
  - Phone: (785) 271-3140
  - Fax: (785) 271-3111
  - TDD Kansas Relay Center: (800) 766-3777
  - Mail: Kansas Corporation Commission  
Public Affairs & Consumer Protection  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

Notes: