

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of Westar )  
Energy, Inc. and Kansas Gas and Electric ) Docket No. 14-WSEE-148-TAR  
Company for Approval of Revisions to )  
Their General Terms and Conditions to )  
Implement an Optional Prepay Service Pilot )  
Program. )

TESTIMONY IN SUPPORT OF SETTLEMENT

STACEY HARDEN

ON BEHALF OF

CITIZENS' UTILITY RATEPAYER BOARD

APRIL 28, 2014

1 **Q. Please state your name and business address.**

2 A. My name is Stacey Harden. My business address is 1500 SW Arrowhead Road, Topeka,  
3 Kansas 66604.

4  
5 **Q. Did you previously file testimony in this proceeding?**

6 A. Yes. On March 26, 2014, I filed Direct Testimony on behalf of the Citizens' Utility  
7 Ratepayer Board ("CURB"). In that testimony, I recommended that the Kansas  
8 Corporation Commission ("KCC" or "Commission") deny Westar's application, and  
9 suggest that Westar re-file its application with supporting evidence, an explanation of the  
10 program, and a more reasonable procedural schedule. Additionally, I expressed concerns  
11 about several aspects of Westar's proposed Prepay pilot program.

12  
13 **Q. Since your Direct Testimony was filed, have the parties engaged in settlement  
14 discussions?**

15 A. Yes. Westar, the KCC Staff, and CURB have engaged in settlement discussions. As a  
16 result of our discussions, the negotiating parties filed a Joint Motion on April 25, 2014,  
17 requesting approval of a Stipulation and Agreement ("S&A") to resolve the issues in this  
18 case.

19  
20 **Q. Can you please summarize the terms of the S&A?**

21 A. The S&A allows Westar to implement its Prepay pilot program. The S&A includes the  
22 following terms for the Prepay program:

23 

- Customers flagged as life support customers in Westar's system will not be eligible to

- 1           participate in the Prepay pilot program;
- 2           • Customers with account balances in arrears greater than \$750 will not be eligible to
- 3           participate in the Prepay pilot program;
- 4           • Westar will limit the total number of customers with preexisting arrears balances that
- 5           participate in the Prepay program to 250 of the pilot's maximum 1,000 participants,
- 6           available on a first come, first served basis;
- 7           • Customers participating in the Prepay program will not be charged a disconnect fee
- 8           and will be charged a \$5 reconnect charge after being disconnected;
- 9           • Upon receiving a disconnection notification from Westar, customers will have 72
- 10          hours to make a payment to avoid disconnection. In the event that the customer is
- 11          disconnected, Westar will provide customers with a notification of the minimum
- 12          payment amount required to re-establish service;
- 13          • Westar will make available a monthly statement of charges and payments for
- 14          customers in the Prepay program;
- 15          • The Cold Weather Rule Temperature Forecast Requirements related to disconnection
- 16          will apply the same for Prepay customers and post-pay customers. Westar will
- 17          provide the same consideration to customers enrolled in the Prepay program as post-
- 18          pay customers regarding disconnections during extreme hot weather periods;
- 19          • For customers in arrears when they enter the program or who develop an outstanding
- 20          balance after they are already in the program (i.e., because of the Cold Weather Rule),
- 21          the percentage of their payments that will be applied to debt recovery will be
- 22          determined on an individual customer basis, using a formula designed to mirror as
- 23          closely as possible, but will not accelerate the 12-month payoff period that exists in

1 the tariff for post-pay customers on payment plans;

- 2 • Costs associated with the Prepay pilot program will be deferred to a regulatory asset.

3 Westar has the burden of proof to support all Prepay program costs, as well as fees  
4 received from prepay customers, deferred to the regulatory asset;

- 5 • Westar will work with Staff and CURB to develop data tracking and reporting  
6 protocols so that the Commission can assess the results of the Prepay pilot; and

- 7 • The S&A provides a limited waiver of the Commission's Billing Standards at Section  
8 III, Section IV, Item C (2), Section IV, Item G, and Section V, Items D (2).

9  
10 **Q. You previously recommended the Commission deny Westar's application. Why are**  
11 **you now recommending the Commission approve the S&A?**

12 A. In my direct testimony I recommended the Commission deny Westar's application  
13 because there was not enough information or evidence placed into the record to warrant  
14 the program's approval. I also expressed concern that the Prepay program – which  
15 requires the payment of some additional fees – may cause an increased burden on  
16 customers in the program. Since I provided my direct testimony, I have personally  
17 attended meetings with Staff and Westar to discuss details of the proposed program, as  
18 well as to include parameters for how this program will operate. With the information  
19 provided by Westar during these meetings, and Westar's agreement to include certain  
20 program parameters, I am comfortable recommending the Commission approve this  
21 Prepay pilot program, subject to the terms of the S&A.

1 **Q. Are you familiar with the standards used by the KCC to evaluate a settlement that**  
2 **is proposed to the Commission?**

3 A. Yes, I am. The KCC has adopted five guidelines for use in evaluating settlement  
4 agreements. These include: (1) Has each party had an opportunity to be heard on its  
5 reasons for opposing the settlement? (2) Is the agreement supported by substantial  
6 evidence in the record as a whole? (3) Does the agreement conform to applicable law? (4)  
7 Will the agreement result in just and reasonable rates? (5) Are the results of the  
8 agreement in the public interest, including the interests of customers represented by any  
9 party not consenting to the agreement?

10 I understand that CURB counsel will address item 3, i.e., does the agreement  
11 conform to applicable law, in an opening statement at the upcoming hearing. Since I am  
12 not an attorney, it is more appropriate for CURB counsel to address this issue than for me  
13 to address it. However, I will discuss the remaining four guidelines used by the KCC to  
14 evaluate settlements.

15  
16 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**  
17 **settlement?**

18 A. I did participate personally in settlement negotiations and each party had a full and  
19 complete opportunity to be heard. The parties discussed issues and negotiated  
20 aggressively. At this time, I am not aware of any party to the case who opposes the  
21 settlement.

22

23

1 **Q. Is the agreement supported by substantial evidence in the record as a whole?**

2 A. Not entirely. Westar's application provided no evidence supporting the Prepay pilot  
3 program. However, because this is a new program in Kansas, there is not a plethora of  
4 Westar or Kansas-specific evidence that can be placed into the record as a whole. The  
5 S&A provides parameters for Westar's Prepay pilot program and will allow for evidence  
6 to be gathered during the pilot. This evidence can later be used to determine whether this  
7 Prepay pilot program should become a permanent program.

8

9 **Q. Will the agreement result in just and reasonable rates?**

10 A. The S&A does not have an impact on rates.

11

12 **Q. Are the results of the agreement in the public interest, including the interests of  
13 customers represented by any party not consenting to the agreement?**

14 A. Yes, the interests of customers represented by all parties to this proceeding have been  
15 considered. Staff, Westar and CURB are in agreement with the terms of the S&A. It is  
16 my opinion that the Commission can find that this agreement meets the public interest  
17 standard.

18

19 **Q. What do you recommend?**

20 A. I recommend the Commission approve the S&A as filed.

21

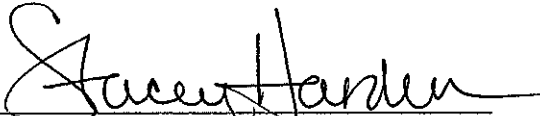
22 **Q. Does this conclude your testimony?**

23 A. Yes.

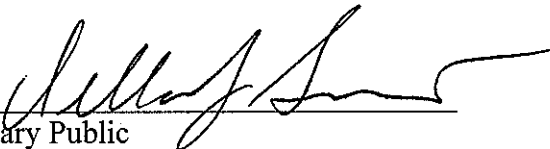
VERIFICATION

STATE OF KANSAS                    )  
COUNTY OF SHAWNEE            )     ss:

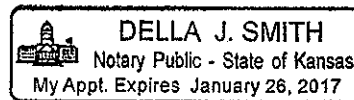
I, Stacey Harden, of lawful age and being first duly sworn upon my oath, state that I am a regulatory analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Stacey Harden

SUBSCRIBED AND SWORN to before me this 28<sup>th</sup> day of April, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2017.



**CERTIFICATE OF SERVICE**

14-WSEE-148-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 28<sup>th</sup> day of April, 2014, to the following parties:


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