

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
Thomas E. Wright
Shari Feist Albrecht

In the Matter of Kansas City Power & Light)
Company's Compliance Filings as Required by)
Commission Order Dated September 17, 2008) Docket No. 12-KCPE-791-CPL
in Docket No. 07-KCPE-1064-ACQ.)
)

ORDER ADOPTING STAFF REPORT AND RECOMMENDATION

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. Pursuant to the Commission's Order in Docket No. 07-KCPE-1064-ACQ, Kansas City Power & Light Company (KCP&L) filed its Report of Quality Assurance Performance Metrics for the First Quarter of 2012 on April 30, 2012. KCP&L made subsequent quarterly filings of its Quality Assurance Performance Metrics into this docket on July 31, 2012, October 31, 2012 and January 31, 2013.

2. On March 29, 2013, Staff of the Commission (Staff) submitted its Report and Recommendation (R&R), recommending that KCP&L continue to submit quarterly reports of its Quality Assurance Performance Metrics and that the Commission acknowledge that penalties are no longer applicable.

3. Staff reviewed KCP&L's quarterly reports, covering three separate areas of service quality: (1) Continuity of Service (or Reliability) metrics; (2) Customer Call Center

metrics; and (3) Meter Reading metrics. Staff found that KCP&L met its Call Center Operations metrics, but KCP&L proposed inclusion of three storm events that did not meet the “Major Event” standard allowing automatic exclusion, or normalization, and requires sustained interruptions to more than ten percent of the utility’s customers within a 24-hour period. KCP&L instead asserted that the three events would be acceptable as “Extraordinary Events” and could be removed from the calculations and would allow KCP&L to meet the metrics of all Electric Service Operations. Staff’s R&R sets out additional information KCP&L could provide in future quarterly reports to explain potential storm exclusions falling under the category of “Extraordinary Event,” which does not have specific standards set forth like that of a “Major Event.”

4. The Commission finds and concludes that Staff’s R&R constitutes substantial competent evidence, and therefore the Commission adopts Staff’s recommendation of March 29, 2013, as stated in its Report and Recommendation, which is attached hereto and hereby incorporated by reference. Further, The Commission finds that KCP&L shall continue to submit quarterly reports of its Quality Assurance Performance Metrics into this compliance docket, but that penalties are no longer applicable, effective as of the date of this Order.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(A) The Commission adopts the recommendations of Staff as stated in its Report and Recommendation attached hereto, and as described in paragraph 4 above.

(B) The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein.¹


¹ K.S.A. 66-118b; K.S.A. 2012 Supp. 77-529(a)(1).

(C) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn; Wright, Com.; Albrecht, Com.

Dated: APR 10 2013


ORDER MAILED APR 11 2013
Patrice Petersen-Klein
Executive Director

HF



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Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

STATE CORPORATION
COMMISSION

MAR 29 2013

PATRICE PETERSEN-KLEIN
EXECUTIVE DIRECTOR

TO: Chairman Mark Sievers
Commissioner Thomas E. Wright
Commissioner Shari Feist Albrecht

FROM: Michael Wegner, Chief of Energy Operations
Jeff McClanahan, Director of Utilities

DATE: March 27, 2013

DATE SUBMITTED TO EXECUTIVE DIRECTOR: 3/29/13

DATE SUBMITTED TO LEGAL: 4.1.13

DATE SUBMITTED TO COMMISSIONERS: 4-4-13

SUBJECT: 12-KCPE-791-CPL

In the Matter of Kansas City Power & Light Company's Compliance Filings as Required by Commission Order Dated September 17, 2008 in Docket No. 07-KCPE-1064-ACQ.

EXECUTIVE SUMMARY:

Kansas City Power & Light (KCP&L or Company) filed its 2011 Annual Report on its Quality of Service (QOS) metrics on February 7, 2012 (2011 QOS Report). This performance evaluation and reporting is a result of Docket 07-KCPE-1064-ACQ, when KCP&L acquired portions of Aquila's Electric System. The KCP&L Report covers three separate areas of service quality:

- Continuity of Service (or Reliability) metrics;
- Customer Call Center metrics; and
- Meter Reading metrics.

KCP&L met its Call Center Operations metrics; however, KCP&L proposed the inclusion of three storm events that did not meet the "Major Event" standard, which allows automatic exclusion (normalization) and requires sustained interruptions to more than 10% of the utility's customers within a 24-hour period. KCP&L asserted that the three storm events would be acceptable as "Extraordinary Events" and could therefore be removed from the calculations which would allow KCP&L to meet the metrics of all the Electric Service Operations.

BACKGROUND:

The Commission established reporting of QOS metrics in generic Docket No. 02-GIME-365-GIE (02-365 Docket). This applies to all public utilities as defined in K.S.A. 66-101a. The Commission ordered that a "Major Event", from the Commission's Reliability Requirements Rule 3n, was one type of storm event to be reported. A "Major Event" is defined as "a catastrophic event caused by forces exceeding the design limits required by codes and regulations, and characterized by extensive damage to the electric power system and *sustained interruptions to more than 10% of a utility's customers within a 24-hour period.*" In addition, a more easily attained threshold for the utilities to report is "sustain[ing] interruptions to more than 10,000 customers"¹. This is more likely to occur because KCP&L maintains around 260,000 customers in Kansas. KCP&L could amass 10,000 outages more rapidly than the 26,000 customers that the Major Event definition would require.

As part of the 07-KCPE-1064-ACQ Docket (07-1064 Docket), KCP&L and Staff agreed on the characteristics and specific requirements of the QOS quarterly reporting that was a result of KCP&L's acquisition of Aquila territory, in the Joint Motion and Settlement Agreement (07-1064 Settlement Agreement) filed on February 27, 2008. On September 17, 2008, the Commission ordered KCP&L to submit these QOS reports. In an effort to ensure equal service to both native KCP&L customers and the newly acquired Aquila customers, the QOS reporting requirements and performance evaluation measures were implemented. The performance evaluation measures expire at the end of the third consecutive year if no violations of the conditions exist, while the reporting continues "until the Commission has issued an order relieving KCP&L, or its successor, of these obligations under the [07-]1064 [Settlement] Agreement"². Staff reviews the submitted reports every quarter; and then at the end of the calendar year, Staff evaluates that calendar year's cumulative QOS metrics.³ In the 07-1064 Settlement Agreement, the parties agreed to establish a performance evaluation penalty system for several of these metrics.⁴

¹Kansas Corporation Commission Electric Reliability Requirements attached as Attachment A to the Commission's Order in the 365 Docket, Page 10, 6 "Outage Event Notification"(b).

² Order Ending Consolidation of Dockets (07-BHCG-1063-ACQ and 07-KCPE-1064-ACQ), Providing for Compliance Filings, and Closing Dockets, page 7, last sentence of paragraph 11.

³ "After KCP&L provides service sufficient to avoid having to pay performance penalties for any three consecutive calendar year periods beginning after December 31, 2008, Staff and KCP&L agree that the penalty provisions established in this agreement will be eliminated.", page 5, Attachment 2 "Joint Motion and Settlement Agreement" filed in the 07-KCPE-1064-ACQ Docket on February 27, 2008.

⁴ Call Blockage Rate, Agent Abandoned Call Rate, Service Level, Average Speed of Answer, Estimated Bills Per 1000 Customers with Meter Reading, System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI) are all identified as Performance Metrics in the Attachment 1 "Settlement Quality of Service Performance Metrics" attached to the "Joint Motion and Settlement Agreement" filed in the 07-KCPE-1064-ACQ Docket on February 27, 2008.

In the 07-1064 Docket, there are conditions in which KCP&L can “normalize” or essentially remove the storm statistics related to a particular storm due to the ferocity or the magnitude of the storm. The term given for a storm that can be normalized is the Major Event definition from the 02-365 Docket. Attachment 2 to the 07-1064 Settlement Agreement provides KCP&L the ability to present other events as storms it believes are of a great enough impact to justify normalization.⁵

The 07-1064 Settlement Agreement also established the term “Extraordinary Event”⁶, which is broadly defined as an event beyond the utility’s control. The burden of proof is on the Company to explain the situation and describe the events following and leading up to the Extraordinary Event.

On February 7, 2012, KCP&L filed its “Report of Quality Assurance Performance Metrics for the Fourth Quarter of 2011 and 2011 QOS Report as Required by Commission Order in Docket No. 07-KCPE-1064-ACQ” (2011 QOS Report).

On April 4, 2012, the Commission opened the 12-KCPE-791-CPL (12-791 Docket) to comply with a standardized docket filing protocol recently established at the Commission. KCP&L and Staff now file work product related to KCP&L’s QOS as required in the 07-1064 Docket in the 12-791 Docket.

ANALYSIS:

Staff has completed its review of the 2011 QOS Report submitted by KCP&L and the Company has met or exceeded the reporting parameter metrics for Call Blockage Rate, Agent Abandoned Call Rate, Service Level, Average Speed of Answer, and Estimated Bills Per 1000 Customers. As such, KCP&L has performed at a level that was agreed to be acceptable under the 07-1064

⁵ “Joint Motion and Settlement Agreement” filed in the 07-KCPE-1064-ACQ Docket on February 27, 2008, “Should KCP&L’s service performance become inferior to the service metrics of any of the performance indicators specified in the Table in Attachment 1, KCP&L will have the opportunity to present evidence of an extraordinary event as part of the applicable quarterly report, attaching supporting documentation as previously described.”

⁶ Definition of an extraordinary event from Attachment 2 “Reporting Requirements and Definitions” to the “Joint Motion and Settlement Agreement”: “an event beyond the control of the utility, which shall include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and people, acts, orders, laws or regulations of government authority, civil disturbances, explosions, breakage or accident to machinery or lines of pipe or electric supply lines, major events causing electric service interruptions of the magnitude defined by the Commission’s Electric Reliability Requirements Rule 3(n), other than those caused by the utility’s negligence, the necessity for making repairs or alterations to machinery, equipment or lines of pipe, freezing of lines of pipe or electric supply lines, which could not have been prevented by the utility’s use of standard and customary industry practice, partial or entire failure of supply of natural gas or fuel which could not have been prevented by the utility’s use of standard and customary industry practice, acts of independent and unaffiliated third parties which damage or interfere with the kind herein enumerated or otherwise beyond the control of the utility”

Settlement Agreement. KCP&L has performed at this level for a three year period; therefore, the burden of a penalty also agreed to in the 07-1064 Settlement Agreement is no longer applicable.

Staff's review of the continuity of service metrics provided by KCP&L shows that KCP&L did not have any Major Events that it could normalize automatically.

KCP&L submitted three multi-day storm events as Extraordinary Events. These storms occurred on June 18-19, July 12, and August 18-20, 2011. KCP&L provided Staff with various system operations impacts that resulted from these storms, including the number of customers interrupted and values of SAIDI and SAIFI during these events.

The point of quality of service regulation is to prevent utilities from failing to fulfill their charge to serve customers in a safe and efficient manner. Safety is the number one concern when working with electricity. Storm conditions are experienced during the year and it is important for a utility to work hard to keep the lights on. Anytime a storm occurs, this type of event cannot be avoided by the utility. The 07-1064 Settlement Agreement defined Extraordinary Events with a broad brush. It also states that: "If, using standard and customary industry practice, the utility could have avoided the extraordinary event, then the impact of such event will be considered in the measurement of the performance of the utility." There is no way any utility can avoid the wrath of mother nature. While KCP&L is asking to remove three storm events from its reporting that fall below the 10% of customers out definition of a Major Event in the 02-365 Docket, under the terms of the 07-1064 Settlement Agreement, KCP&L could very well claim that all of their storm events could be normalized, yet they are only asking to remove three events that caused more than 10,000 customers to be without during each event⁷. In 2011, KCP&L had 19 storm events covering 38 days, of which 3 events and 6 days are being excluded from its reporting. KCP&L is able to meet the requirements agreed to in the 07-1064 Settlement Agreement, without penalty, while including 16 storm events. It is important to note that KCP&L tracks information for SAIDI and SAIFI 24 hours per day.

Staff appreciates KCP&L's attempt to simplify this reporting process by only submitting storms that they had already reported under the 02-365 Docket's storm reporting requirements⁸.

Based on the 07-1064 Settlement Agreement, KCP&L potentially faces penalties until they have maintained a record penalty-free for three calendar years, at which point they only have to provide storm reporting and not be subject to penalties. 2011 is the third year of reporting, as well as the first year KCP&L was forced to submit storms as Extraordinary Events to normalize

⁷ KCP&L presented these three events as Extraordinary as these three events were also reported to the Commission under the 02-365 Docket, wherein requirement 6(a) states: "Each utility which is not a cooperative as defined in K.S.A. 66-104d and which provides electric retail service to 15,000 or more retail customers in Kansas shall notify the commission of any event that qualifies as a major event, as defined in subsection 3(n), or results in sustained interruptions to more than 10,000 customers."

⁸ Multiple discussions with KCP&L's Mary Turner indicated KCP&L only submitted storms previously submitted under the 02-365 Docket, and once it was noted they were below the penalty threshold, KCP&L decided it was unnecessary to report further potentially impactful storms.

its QOS performance to a level which meets or exceeds the 1st Tier Penalty Thresholds agreed to in the 07-1064 Settlement Agreement.

Staff agrees that it is acceptable to normalize the three storm events that the Company submitted to the Commission under the rules of the 02-365 Docket.

By normalizing these storms, KCP&L has met the parameters set out in the 07-1064 Settlement Agreement for three consecutive years. As such, the penalties provisions that were a part of the 07-1064 Settlement Agreement are no longer applicable.

The following table shows the historical metrics that were reported to the Commission in compliance with the 07-1064 Settlement Agreement:

Performance Area	2009 Rolling 12-month Total	2010 Rolling 12-month Total	2011 Rolling 12-month Total	1stTier Penalty Threshold
Call Center Operations				
Call blockage rate, CBR%	0.61%	0.68%	0.82%	<1.0%
Agent abandoned call rate, ACR%	4.07%	4.23%	3.91%	<5.0%
Service level, SL (% agent answered within 20 seconds)	71.72%	71.0%	76.0%	>67.0%
Average speed of answer of agent calls (seconds)	43.0	44.0	37.0	<47.5 sec
Electric Service Operations				
SAIDI – Normalized (minutes per customer)	118.9	99.9	93.2	<130.0
SAIFI – Normalized (interruptions per customer)	0.777	0.758	0.726	<0.92
CAIDI – Normalized (minutes per interruption)	153.0	131.8	128.3	None
Estimated Bills per 1,000 customers, EBR	64.6	91.7	47.8	<100.0
Percentage of Service Orders with 5-days	92%	98%	98%	None
Percentage of Work Requests completed within specified time	89%	89%	92%	None

Since this was the first time KCP&L presented Extraordinary Events for exclusion, Staff worked with KCP&L to determine additional information that could be provided in the future to explain exclusions. The additional information includes the following:

1. Qualitatively explain why KCP&L believes this specific event qualifies as an Extraordinary Event.
2. Provide comparison of storm SAIDI/SAIFI history experienced by KCP&L.
3. Provide number of crews deployed throughout the event. Distinguish between internal crews, contract crews, and foreign utility crews.
4. Provide a distribution chart of the restorations of outages.
5. Explain any response (SERP⁹) enhancements KCP&L has put in place since this event.
6. Provide the percentage of interrupted customers returned to service within 12, 24, 36 and 48 hours.

RECOMMENDATION:

Staff recommends KCP&L continue quarterly reporting to be filed in Docket 12-KCPE-791-CPL and that the Commission acknowledges that penalties are no longer applicable.

cc: Patrice Petersen-Klein, Executive Director
Holly Fisher, Litigation Counsel
Justin Grady, Chief Auditor
Adam Gatewood, Managing Financial Analyst

⁹ SERP stands for Storm Emergency Response Plan. Such “response enhancements” would be changes in practices as a result of response to a storm in which KCP&L implements its standardized plan for storm response or SERP.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
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HOLLY FISHER, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 ***Hand Delivered***		

ORDER MAILED APR 11 2013

The Docket Room hereby certified that on this _____ day of _____, 20_____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.