

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

STATE CORPORATION COMMISSION

AUG 16 2007

In the Matter of the Filing of Compliance Tariffs )  
and Reports by Jurisdictional Utilities as )  
Prescribed by Commission Order Dated )  
November 28, 2005 in Docket No. 04-GIMX- )  
651-GIV. )

Docket No. 06-GIMX-679-GIV

 Docket Room

**REPORT**

COMES NOW the Commission staff (Staff) of the State Corporation Commission of the State of Kansas (Commission) and submits this Report.

1. On November 28, 2005, the Commission issued an Order in Docket No. 04-GIMX-651-GIV adopting Minimum Standards for Payment Methods for Utility Bills and Allowing the Acceptance of Credit Cards by Kansas Jurisdictional Electric, Natural Gas, and Water Utilities (Minimum Standards).

2. In its November 28, 2005, Order in Docket No. 04-GIMX-651-GIV, the Commission required that all Kansas jurisdictional gas and electric utilities come into compliance with the Minimum Standards.

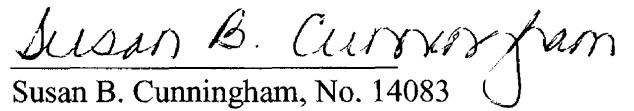
3. On January 17, 2006, Staff filed a Report recommending that a docket be opened in order to establish a record of matters relating to compliance with the Minimum Standards.

4. On March 17, 2006, the Commission issued an Order opening this docket.

5. Staff has been monitoring compliance and compiling relevant information. Staff has prepared a Memorandum summarizing the current status of compliance efforts. Staff's Memorandum dated August 15, 2007, prepared by Dorothy J. Myrick and Sonya Cushinberry, is attached hereto as Attachment "A."

WHEREFORE, Staff respectfully submits this Report to the Commission for its consideration.

Respectfully submitted,



Susan B. Cunningham, No. 14083  
General Counsel  
Kansas Corporation Commission  
1500 S.W. Arrowhead Road  
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SBC:jmf



Kathleen Sebelius, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner

MEMORANDUM

August 15, 2007

Compliance with Minimum Standards for Payment )  
Methods for Utility Bills and Allowing the )  
Acceptance of Credit Cards by Kansas ) Docket No. 06-GIMX-679-GIV  
jurisdictional Electric, Natural Gas, and Water )  
Utilities. Docket No. 04-GIMX-651-GIV )

To: Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner

From: <sup>DM</sup> Dorothy J. Myrick, <sup>SC</sup> Sonya Cushinberry

DATE SUBMITTED TO LEGAL: 3-16-07 <sup>ABC</sup>

DATE SUBMITTED TO COMMISSIONERS: 8-16-07

BACKGROUND

The Commission issued an Order in the General Investigation Regarding Payment of Customer Accounts by means of Fee-based Transactions, Including Third Party Services.<sup>1</sup> The Commission Order, dated March 17, 2006, in Docket No. 06-GIMX-679-GIV stated that all jurisdictional electric and gas utilities may file appropriate tariffs and other materials for Staff review in this docket as necessary to comply with the Commission's November 22, 2005 Order in 04-GIMX-651-GIV.

COMPLIANCE SUMMARY

This memo summarizes utility quarterly reports for additions and deletions of company business offices and walk-in payment locations. Only pay locations authorized by Kansas utilities and physically located in the state of Kansas are included in this report. Kansas City Power & Light, Aquila, Atmos and Empire District Electric Company all have customers who may access Missouri pay locations for bill payment.

<sup>1</sup> Order On Reconsideration, November 22, 2005, as corrected, Order Nunc Pro Tunc, November 28, 2005 Docket No. 04-GIMX-651-GIV.

## **Reporting for in-person payment locations**

The Commission's Minimum Standards for Payment Methods for Utility Bills and Allowing the Acceptance of Credit Cards by Kansas Jurisdictional Electric, Natural Gas, and Water Utilities (E) requires utilities to notify the Commission upon closing walk-in payment locations and explain what other options for in person payments will be made available to the customer. Companies reporting on authorized walk-in pay locations include: Aquila Inc., Atmos Energy, Empire District Electric, Kansas City Power & Light, Kansas Gas Service, Midwest Energy and Westar Energy.

On December 31, 2005, a total of 226 pay stations and company business offices were available for customer in-person bill payment.<sup>2</sup> As of June 30, 2007 the companies reported a total of 272 payment locations, an increase of 20%. The apparent increase reported by the utilities may need to be adjusted downward next quarter. Increased use of free standing kiosks that accept payments from multiple utilities may have resulted in double counting of some pay stations. Staff is investigating the situation and will adjust the number of pay stations in its next report if necessary.

Many businesses, such as supermarkets, have ceased to utilize their own employees to collect utility payments from their customers due to increased collection expenses. Alternatively, free-standing kiosks that accept cash, check or credit/debit card payments are being installed in food stores, banks, malls, etc. These kiosks accept payments for utility services, car loans, furniture loans, credit card accounts as well as many other types of accounts. There is typically a transaction charge for each payment made. The Commission's Minimum Standards state that customers shall be provided a choice of zero fee payment methods which shall include, at a minimum, payment by mail using check or money order, and payment in person using check, money order or cash. In Kansas, whether or not the customer is charged a transaction fee for paying a utility bill at a walk-in location is dependent upon the contractual relationship between the vendor and the utility.

If a kiosk or walk-in pay station is provided by a vendor that is an agent for the utility (those vendors that have a contractual arrangement to accept payments on behalf of the utility), the vendor is required to follow all of the Commission's rules and regulations applicable to payment for utility service. For example, customers shall not be charged a fee for paying a bill for utility service unless the payment is by credit/debit card. The amount of the fee must be stated in a Commission approved tariff. Utility bills paid at any authorized location are to be treated as if paid at the company business office. This is especially valuable for customers who have received a disconnect notice. Companies are required to provide customers annual notice of bill payment options and explain the importance of using authorized payment methods.

Kiosk vendors or other types of in person payment centers may accept utility payments without contractual agreement with the utility. This payment is referred to as "unauthorized" and the vendor is not restricted from charging a transaction fee. The amount of the fee is not regulated by the Commission. Setting the amount of the fee is up to the discretion of the vendor and the fee can be increased without notice. In a complaint situation where a customer has used

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<sup>2</sup> Westar Energy December 31, 2005 data adjusted to remove 8 pay locations.

an unauthorized payment center or paid a utility bill outside of the State of Kansas, the Commission's jurisdiction over the complaint is questionable.

The difference between authorized and unauthorized payment centers became evident in the first quarter of 2006. Kansas Gas Service contracted with a vendor to place 19 kiosks in various places in the company's service area. The KGS logo is displayed at the location indicating that it is authorized by the utility. The same kiosk location accepted utility bill payment from Westar Energy customers. However, the pay center is not an authorized agent of Westar (I.e. Does not have a contractual arrangement with Westar). While KGS customers did not pay a fee (except for credit cards) to pay their natural gas bills, Westar customers were charged a transaction fee to pay their electric bills. This situation has the potential to be very confusing to customers and may cause complaints to increase as the number of kiosks expands. As the vendor's business grows nationally, it will be possible for customers in Kansas to pay their utility bills in other states. This is already occurring for customers near the Kansas/Missouri state line.

Presently, KGS has 43 kiosks available for in-person payment. Atmos' pay station report for the six-month period ending June 30, 2007 indicates that the utility has added 43 kiosks to its list of Kansas pay centers. Staff has learned that some of the pay stations are not in Atmos' certificated service area. It became clear that kiosks can accept payments from multiple utilities and the utility reports for pay locations may not be mutually exclusive. This technology has many benefits for consumers since payments are reported to the utilities in real-time or at least several times per day.

This memo is to be filed in Docket No. 06-GIMX-679-GIV to provide permanent documentation of utility compliance with the Commission's Order. Specific copies of tariffs and reports filed for compliance in Docket No. 06-GIMX-679-GIV are available by calling 785 271-3165 and asking for Dorothy Myrick or Sonya Cushinberry.

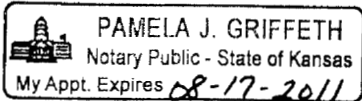
STATE OF KANSAS )  
 ) ss.  
COUNTY OF SHAWNEE )

**VERIFICATION**

Susan B. Cunningham, being duly sworn upon her oath deposes and says that she is General Counsel for the State Corporation Commission of the State of Kansas, that she has read and is familiar with the foregoing Report, and that the statements contained therein are true and correct to the best of her knowledge, information and belief.

Susan B. Cunningham  
Susan B. Cunningham  
General Counsel  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 16th day of August, 2007.



Pamela J. Griffeth  
Notary Public

My Appointment Expires:

August 17, 2011

CERTIFICATE OF SERVICE

06-GIMX-679-GIV

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Report was placed in the United States mail, postage prepaid, or hand-delivered this 16th day of August, 2007, to the following:

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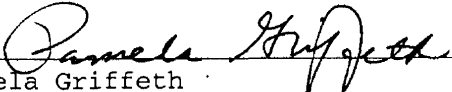
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