

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

In the Matter of the Application of Kansas City     )  
Power & Light Company for Approval of     ) Docket No. 18-KCPE-063-TAR  
Changes to its Estimated Bill Procedures.     )

**NOTICE OF FILING OF STAFF'S  
REPORT AND RECOMMENDATION  
PUBLIC VERSION**

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively), and files its Report and Recommendation (R&R) dated December 7, 2017, attached hereto and made a part hereof by reference. Staff recommends the Commission approve the Application of Kansas City Power & Light Company (KCP&L) because the new estimation procedure does not violate the Commission's Electric, Natural Gas, and Water Billing Standards; in performance tests by both KCP&L and Commission Staff, the new estimation procedure performs better than the previous procedure; and acceptance of the new procedure will prevent the need for an expensive customization in the customer care and billing information system.

WHEREFORE, Staff submits it's Report and Recommendation for Commission review and consideration, and for such other relief as the Commission deems just and proper.

Respectfully submitted,

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION  
PUBLIC**

**TO:** Pat Apple, Chairman  
Shari Feist Albrecht, Commissioner  
Jay Scott Emler, Commissioner

**FROM:** Josh Frantz, Senior Research Economist  
Lana Ellis, Deputy Chief of Economics and Rates  
Bob Glass, Chief of Economics and Rates  
Jeff McClanahan, Director, Utilities Division

**DATE:** December 7, 2017

**SUBJECT:** 18-KCPE-063-TAR: *In the Matter of the Application of Kansas City Power & Light Company for Approval of Changes to its Estimated Bill Procedures*

**EXECUTIVE SUMMARY:**

Kansas City Power & Light Company (KCP&L or the Company) is in the process of changing its billing system. The bill estimation calculation in the new billing system, Oracle Utilities Customer Care and Billing information system (CCB), differs from the Company's bill estimation calculation in its current billing system (CIS Plus); therefore, in its Application, KCP&L is requesting approval of changes to its estimated bill procedures. To align the implementation of its proposed changes to its estimated bill procedures with the go-live date of its new billing system (estimated April 1, 2018), the Company has requested a tentative effective date to be determined once the go-live date becomes known.

The Kansas Corporation Commission (Commission) Staff (Staff) recommends approval of the Application because: the new estimation procedure does not violate the Commission's Electric, Natural, Gas, and Water Billing Standards (Billing Standards); in performance tests by both KCP&L and the Commission Staff it performs better than the previous procedure; and acceptance of the new procedure will prevent the need for an expensive customization in the CCB.

## **BACKGROUND:**

According to Subsection I.C.(1) of the Billing Standards, “The utility may render a bill based on estimated meter reading only if the estimating procedures employed by the utility and any substantial changes in those procedures have been approved by the Commission.” In its Application, KCP&L explained that it is in the process of changing its billing system to CCB. The bill estimation calculation in CCB differs from the Company’s bill estimation calculation in CIS Plus;<sup>1</sup> therefore, the Company is requesting approval of changes to its estimated bill procedures.

On August 4, 2017, KCP&L filed its Application requesting approval of changes to its estimated bill procedures. The Company has requested a tentative effective date to be determined once the go-live date becomes known to align the implementation of its proposed changes to its estimated billing procedures with the implementation of its new billing system (estimated April 1, 2018).

## **ANALYSIS**

### **Billing Standards**

The scope of KCP&L’s request in this Application is limited to changing the bill estimation calculation procedures. The only subsection of the Billing Standards relevant to KCP&L’s request is Subsection I.C.(1), which requires estimating procedures employed by the utility and any substantial changes in those procedures be approved by the Commission. The Billing Standards do not require any particular methodology—only that the estimating procedure be approved by the Commission. KCP&L’s Application requests such approval. Therefore, Staff finds the requested changes to the Company’s estimated bill procedures do not violate the Billing Standards.

### **Comparison of Current and Proposed Estimation Procedures vs. Actuals**

To determine whether the proposed estimated bill procedures are more accurate than KCP&L’s current procedures, the Company performed a review of accounts for its Advanced Metering Infrastructure (AMI) customers as well as its non-AMI meter customers. A comparison was run of the CCB and CIS Plus bill estimation calculations to actual volumes. In each case, the results of the proposed bill estimation calculations were closer to actual volumes than the current calculations.<sup>2</sup>

Staff also performed its own analysis of KCP&L’s comparison of CIS Plus and CCB bill estimation calculations to actual volumes. Staff, too, found CCB produced results that were closer to actual volumes than CIS Plus.

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<sup>1</sup> The differences between the two estimations are described in detail in the Application, p. 2-3.

<sup>2</sup> In response to Staff Data Request 1, Staff received KCP&L’s work papers from this analysis.

Staff recommends approval of KCP&L's proposed changes to its estimated bill procedures, in part, because the analysis shows the proposed estimated bill procedures are more accurate than KCP&L's current procedures.

### **Cost to Retrofit the Current Procedures**

Through the discovery process, Staff was informed that continuing the current estimated bill procedures under CCB would require [REDACTED] of additional customization costs that would not be incurred if the proposed procedures are approved.<sup>3</sup>

Thus, Staff also recommends approval of KCP&L's proposed changes to its estimated bill procedures because if the proposal is adopted, the Company will not incur the customization costs required to continue its current estimated bill procedures under the new billing system.

### **Effective Date**

The estimation routine proposed in the Application is part of the upcoming CCB, so it is a technical necessity that the effective date of the proposal be contingent upon the status of the CCB implementation. Therefore, Staff recommends approval of a tentative effective date to allow KCP&L to align the changes to its estimated bill procedures with the go-live date of its new billing system.

### **RECOMMENDATION:**

As discussed in detail above, Staff recommends approval of KCP&L's proposed changes to its estimated bill procedures for three reasons:

- 1) The proposed estimated bill procedures do not violate the Commission's Billing Standards;
- 2) The proposed estimated bill procedures are more accurate than the current estimation procedures; and
- 3) If the proposed estimated bill procedures are approved, the Company will not incur the upfront and maintenance costs that would otherwise be necessary to continue the current bill estimation procedures under the new billing system.

In addition, Staff recommends the Commission approve KCP&L's request to align the effective date of the proposed changes to its estimated bill procedures with the go-live date of the Company's new billing system.

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<sup>3</sup> According to KCP&L's response to Staff Data Request 2: To build an estimation routine similar to the current routine for CCB, enhancements would be required for a trend calculation and a bill determinant calculation rule based on the trend. These enhancements would have an estimated cost of [REDACTED]. And that is merely the cost that would be required be for initial implementation—there would be additional cost and work added to evaluate the customization each time there is an upgrade of the system in the future.

## **CERTIFICATE OF SERVICE**

18-KCPE-063-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation (Public Version) was served via electronic service this 13th day of December, 2017, to the following:

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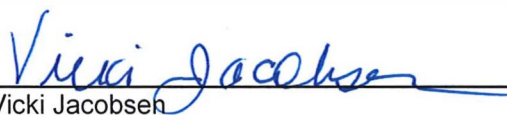
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## CERTIFICATE OF SERVICE

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