

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

JUN 06 2008

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

**STAFF REPORT AND RECOMMENDATION**

COMES NOW the Commission staff (Staff) of the State Corporation Commission of the State of Kansas (Commission) and files its Report and Recommendation in this matter.

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.

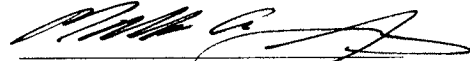
3. On January 17, 2006, Staff filed a Report recommending that a docket be opened in order to establish a record of matters relating to compliance with the Minimum Standards.

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 May 29, 2008, prepared by Dorothy J. Myrick and Sonya Cushinberry, is incorporated herein by reference and made part hereof as Attachment "A."

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

Respectfully submitted,



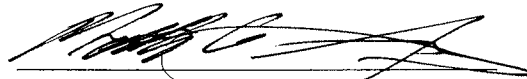
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STATE OF KANSAS        )  
  ) ss.  
COUNTY OF SHAWNEE    )

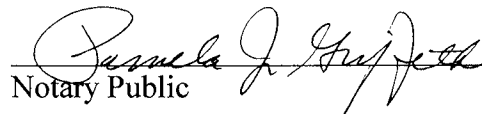
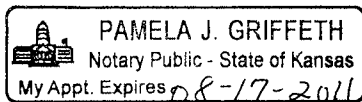
**VERIFICATION**

Matthew A. Spurgin, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Report and Recommendation* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Matthew A. Spurgin, # 20470  
Kansas Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 6<sup>th</sup> day of June 2008.



Notary Public

My Appointment Expires: August 17, 2011



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

MEMORANDUM  
May 29, 2008

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: Dorothy J. Myrcek, Sonya Cushinberry *DJM SAE*

DATE SUBMITTED TO LEGAL: 5/30/08

DATE SUBMITTED TO COMMISSIONERS: 06/06/08

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.

Senate Resolution No. 1832, a resolution urging the State corporation commission to examine the appropriateness of locations and the quality of service provided by third party pay stations for utility payments and to open a docket, if appropriate. This resolution was sponsored by Committee on Utilities and adopted unanimously by the members of the Senate on March 26, 2008.

The Commission held an Open Meeting on April 16, 2008 in which Staff provided background information on pay stations in Kansas. During that meeting the Commission indicated that the utilities should provide information regarding activities for third party pay

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

locations that were also payday loan businesses. The resolution directs the Commission to prepare a written report containing recommendations to improve service of third party pay stations for utility payments. The report is due on or before the first day of the 2009 regular session

Staff conducted an informal survey of the seven utilities currently filing quarterly compliance reports in Docket No. 06-GIMX-679-GIV. This information quantifies the number of company authorized pay stations that make payday loans to customers and the revenues collected at authorized payday loan locations. The information is incorporated into the first quarterly report for 2008.

### 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.

Previously, some utilities have been reporting only pay station openings and closings and Staff has been making quarterly adjustments to the number of pay locations originally filed in 2006. However, over the past two years several things have happened to affect the current number of pay stations: the utility employee responsible for the reports may have changed and the methodology may have changed; the counting of multiple terminals at single locations varied; and clarification for counting company offices and drop boxes was necessary. Staff verified the number of pay locations currently open for each utility and adjusted the data as of January 1, 2008. Staff requests that in future quarterly reports, utilities report the number of pay locations open at the beginning of the quarter in addition to the number of openings and closings.

### **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 Networks-KGO, Atmos Energy, Empire District Electric, Kansas City Power & Light, Kansas Gas Service, Midwest Energy and Westar Energy.

As of January 1, 2008, there were 272 Kansas pay locations available for customers to pay their natural gas and electric bills. Thirty-two pay locations were opened during the first quarter of 2008 while eleven stations were closed. The net effect is a total of 293 pay locations as of March 31, 2008. In response to Staff's survey, four utilities (Aquila-KGO, Atmos, Kansas Gas Service and Westar) indicated that 44 pay locations were business that made payday loans to customers. This is approximately 15% of the total pay locations available. Empire District Electric and Midwest Energy do not contract with third-party vendors for customer bill payment.

In 2007, total annual utility bill revenue collected at all company authorized pay locations was \$126,675,643.<sup>2</sup> Payday loan businesses account for annual utility bill revenue of \$13,917,350, 11% of the total revenue collected.

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.

cc: Don Low  
Larry Holloway  
Tom Stratton  
Matt Spurgin  
Melissa Hunsiker-Walburn  
Executive Director  
PIO

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<sup>2</sup> This does not include Kansas City Power and Light. The company was not able to separate Kansas revenue from total revenue collected in Kansas and Missouri.

**CERTIFICATE OF SERVICE**

06-GIMX-679-GIV

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Staff Report and Recommendation was placed in the United States mail, postage prepaid, or hand-delivered this 6th day of June, 2008, to the following:

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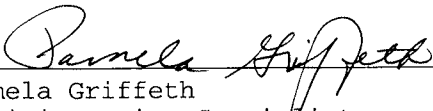
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06-GIMX-679-GIV

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