

In the Matter of the Complaint of Kansas Gas Service,	)	
a Division of ONE Gas, Inc., Against Westar Energy,	)	
Inc., Regarding Westar's Practice of Offering	)	Docket No.
Payments to Developers in Exchange for the	)	19-WSEE-061-COM
Developers Designing All Electric Subdivisions.	)	

STAFF DIRECT TESTIMONY

PREPARED BY

LEO M. HAYNOS

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

July 22, 2019

**Direct Testimony of Leo M. Haynos**  
**Docket No. 19-WSEE-061-COM**

**Q. Would you please state your name and business address?**

**A.** My name is Leo M. Haynos. My business address is 1500 Southwest Arrowhead Road, Topeka Kansas, 66604.

**Q. By whom and in what capacity are you employed?**

**A.** I am employed by the Kansas Corporation Commission (Commission), Utilities Division as the Chief Engineer.

**Q. Please state your educational and employment background.**

**A.** I received a Bachelor of Science Degree in Petroleum Engineering from New Mexico Institute of Mining and Technology, Socorro, New Mexico. I have worked in various capacities as an engineer for the past 37 years, primarily in positions related to the oil and gas industry. I am licensed as a professional engineer in the State of Kansas. For the past 20 years, I have worked for the Kansas Corporation Commission where I have been responsible for several functions including managing the pipeline safety program and the administration and enforcement of the underground utility damage prevention program. Prior to working for the Commission, I worked three years as an engineer for the Kansas Department of Health and Environment Bureau of Air and Radiation and 13 years with Atlantic Richfield Corporation.

**Q. Please describe the subject Complaint.**

**A.** In this Complaint, Kansas Gas Service, a division of ONE Gas, Inc. (KGS) is complaining about a program instituted by Westar Energy, Inc. (Westar) that pays property developers to build total electric properties. This program is known as the "Westar Energy Total Electric Subdivision Heat Pump Program" ("Developer Program" or "Program"). KGS notes the Program is funded by Westar ratepayers and the terms of

1 the Program are not included in the General Terms and Regulations of the Westar Tariff.  
2 KGS contends this practice is a violation of K.S.A. 66-101b. Furthermore, KGS alleges  
3 the Developer Program ties the rebate payments to the developer's agreement to not  
4 install or allow natural gas facilities in their subdivisions. As a remedy to this purported  
5 unlawful practice, KGS requests the Commission prohibit the practice and find it to be  
6 unlawful under the provisions K.S.A. 66-101f.

7 **Q. Does KGS seek any additional remedies from the Commission with respect to this**  
8 **Complaint?**

9 **A.** Yes. Specifically, KGS requests the Commission find that:<sup>1</sup>

- 10 • Westar's Program and the practice of using customer funds to provide developers cash  
11 rebates in exchange for building total electric housing subdivisions is in violation of the  
12 Commission's Order issued in Docket 09-GIMX-160-GIV,
- 13 • Westar failed to obtain approval from the Commission of the Program and practice;
- 14 • The Program and practice should cease;
- 15 • Westar should be required to pay sanctions and penalties for violating the statute and the  
16 Commission's order; and
- 17 • Westar's Program and the practice of tying payments to the developers' agreement for  
18 building total electric housing in their subdivisions is not in the public interest and should  
19 be prohibited.

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<sup>1</sup> See lines 5-17, Page 4, Direct Testimony of Janet L. Buchanan.

1     **Q.     What is Westar's response to this Complaint?**

2     **A.**     Westar contends the agreement, signed by a developer who wishes to receive payments  
3             from Westar, is a letter of intent and should not be considered to be a contract or tariff  
4             subject to Commission approval.<sup>2</sup> Westar states the Program is meant to help balance out  
5             load from its power plants and increase off peak sales of electricity. Westar states that a  
6             tariff is not required for the Program because it does not involve a rate being charged to  
7             customers who purchase electricity from Westar. Westar further states that Commission  
8             Staff (Staff) generally has been aware of this program, and has not addressed it in  
9             previous docketed proceedings before the Commission. Westar implies the Commission  
10            has approved of the Program by its approval of rate cases that contained expenses  
11            associated with the rebate provisions.<sup>3</sup> Westar further implies that Staff's silence on the  
12            rebate issue also indicates Staff's acceptance of the rebate practice.<sup>4</sup> Westar argues the  
13            rebates under the Program are not being subsidized by Westar ratepayers because the  
14            increase in electric sales associated with the Program is a net benefit to the ratepayers.<sup>5</sup>  
15            As such, Westar concludes the Program is a reasonable and prudent business decision  
16            that is appropriately included in base rates and thereby promotes the public interest.<sup>6</sup>

17    **Q.     What is the purpose of your testimony?**

18    **A.**     My testimony provides background on Westar's incentive programs associated with the  
19             installation of Heat Pump equipment. It also provides an analysis of KGS's allegations  
20             and Westar's response with respect to the terms of the Westar tariff.

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<sup>2</sup> Para. 11, Answer of Westar Energy, Inc.

<sup>3</sup> See lines 4-10, Page 18 Direct Testimony of Larry Wilkus.

<sup>4</sup> Ibid. See lines 13-17, Page 23.

<sup>5</sup> See lines 3-11, Page 5, Direct Testimony of Rebecca Fowler.

<sup>6</sup> Lines 4-10, page 27 Wilkus testimony.



**Q. Do you address public policy aspects or the cost benefit analysis of the Program?**

**A.** No. Staff witness Dr. Robert Glass addresses those issues.

**Q. How is your testimony arranged?**

**A.** By topic, my testimony is arranged as follows:

1. Description of Westar Heat Pump Rebate Programs.
2. Whether the Program should be included in Westar tariff.
3. Impact of Rebate Programs on KGS.
4. Previous reviews by Staff of Westar incentive programs.
5. Conclusions
6. Recommendations.

**DESCRIPTION OF THE WESTAR HEAT PUMP REBATE PROGRAMS**

**Q. Please describe the Westar programs that pay developers, builders, and/or contractors for installing electric appliances or building total electric buildings.**

**A.** Westar currently has the following three programs that provide payments as incentives to install heat pumps or to build total electric buildings:

- The HVAC Program, which provides incentives to mechanical contractors. Westar records indicate 210 contractors collectively have received \$3.6 million in payments since the HVAC program was first implemented in 2011.<sup>7</sup> Exhibit LMH-1 provides a copy of the HVAC Program agreement between Westar and the contractor;
- The Builder Program, which provides incentives for heat pump installations that are not included in the Total Electric Subdivision Heat Pump Program. Westar records indicate

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<sup>7</sup> See response to Staff Data Request 18 and response to KGS Data Request 23.

1 137 builders collectively have received \$488,000 in payments since the Builder Program  
2 was first implemented in 2011.<sup>8</sup> Exhibit LMH-2 provides a copy of the Builder Program  
3 agreement between Westar and the builder; and

4 • The Total Electric Subdivision Heat Pump Program (Program), which is the reason for  
5 this Complaint. The Program is only available to subdivision developers,<sup>9</sup> and it has paid  
6 \$1.9 million to 75 developers since it was implemented in 2009.<sup>10</sup> Exhibit LMH-3  
7 provides a copy of the Developer Program agreement between Westar and the  
8 subdivision developer.

9 **Q. What are the terms of the HVAC Program?**

10 **A.** Westar has no written agreements with HVAC contractors. If the contractor turns in an  
11 invoice and a certificate of installation, Westar provides a rebate payment of up to \$300  
12 for each residential home.<sup>11</sup>

13 **Q. What is the difference between a builder and a subdivision developer?**

14 **A.** Westar indicates that the two terms are often used interchangeably. However, the  
15 agreement for the Builder Program states that it cannot be used in conjunction with the  
16 Developer Program.

17 **Q. What are the terms of the Builder Program?**

18 **A.** For the Builder Program, Westar will pay a rebate of \$250 for each total electric heat  
19 pump installed or \$200 for a hybrid heat pump installation. Similar to the HVAC  
20 program, the builder turns in an invoice and installation certificate to Westar in order to

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<sup>8</sup> Ibid.

<sup>9</sup> Response to Staff Data Request 3.

<sup>10</sup> Response to Staff Data Requests 2 and 5.

<sup>11</sup> See Exhibit LMH-1.

1 receive this payment. This program cannot be used in conjunction with the Developer  
2 Program.

3 **Q. What is the difference between a total electric heat pump and a hybrid heat pump?**

4 **A.** A total electric heat pump relies on electric resistance heating to supply supplemental  
5 energy when the outside temperature approaches freezing. A Hybrid heat pump allows  
6 the user to switch between the electric heat pump and a natural gas furnace for heating  
7 requirements. It should be noted that hybrid units that qualify for the Builder Program  
8 are required not to use natural gas heating until the outside temperature is below 30°F.

9 **Q. What are the terms of the Developer Program?**

10 **A.** For the Developer Program, Westar will pay up to \$1,500 per single family home that  
11 installs a total electric heat pump as the primary heating source in a total electric home.  
12 Furthermore, all buildings within the subdivision are required to be built as total electric  
13 homes. Based on the terms of the agreement, Westar provides a payment once the heat  
14 pump and electric meter are installed at the home.

15 **Q. What is the maximum payment that would be ultimately charged to ratepayers for a**  
16 **total electric home?**

17 **A.** Theoretically, ratepayers could be responsible for up to \$1,800 for a total electric house,  
18 by providing a \$300 payment to the mechanical installer<sup>12</sup> and \$1,500 to the developer.<sup>13</sup>

19 **Q. You mentioned earlier that a developer must agree to build total electric homes for**  
20 **the entire subdivision in order to be eligible for the Developer Program. Does**  
21 **Westar enforce this requirement?**

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<sup>12</sup> See Exhibit LMH-1.

<sup>13</sup> See Exhibit LMH-3.

1   **A.**    No. Westar pays the developer for each home completed as total electric with a heat  
2           pump regardless of how many homes in the subdivision are equipped as total electric  
3           homes.<sup>14</sup>

4   **Q.**    **Does the Developer Program prohibit the developer from installing natural gas**  
5           **facilities in the subdivision?**

6   **A.**    If one relies on the face value of the letter of intent (see Exhibit LMH-3), any developer  
7           that equipped any home in the subdivision with natural gas appliances would be  
8           ineligible to receive rebate payments from Westar for the rest of the subdivision. In  
9           practice, however, Westar provides the rebate payment for any home completed as total  
10          electric with a heat pump if the developer has signed the letter of intent.

11   **SHOULD HEAT PUMP REBATE PROGRAMS BE INCLUDED IN WESTAR'S TARIFF**

12   **Q.**    **Would you consider the Developer Program letter of intent to be a contract?**

13   **A.**    Yes. As shown in Exhibit LMH-3, the letter of intent states certain performance  
14          requirements for both parties, and the document is signed. From Staff's perspective, it  
15          appears to be a contract, but Westar does not enforce the terms of the agreement.

16   **Q.**    **What is Westar's position regarding including the terms and conditions of the**  
17          **Developer Program in its tariff?**

18   **A.**    In his Direct Testimony, Staff witness Larry Wilkus addresses this topic as follows:<sup>15</sup>

19           The Electric Subdivision Rebate is not a 'schedule of rates'. It does not set  
20           forth any terms or rates for service to be provided to Westar's customers. It is  
21           an agreement between Westar and a developer defining the terms of the  
22           business arrangement between Westar and that developer. K.S.A. 66-101c does  
23           not require this agreement to be in a tariff.  
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<sup>14</sup> Page 4, lines 18-21 and Page 5, lines 1-8 Direct Testimony of Larry Wilkus.

<sup>15</sup> Page 28, lines 6-10

1    **Q.     Do you agree with Mr. Wilkus' description?**

2    **A.**    No. While a developer is not a retail customer of Westar in the traditional sense, it does  
3           represent an entity that is subject to Westar's electric distribution monopoly. In Staff's  
4           opinion, "an agreement between Westar and a developer defining the terms of a business  
5           arrangement between Westar and that developer" is the very definition of a contract.  
6           Furthermore, the offering of any rebate for the installation equipment that increases the  
7           sale of electricity clearly represents a "practice pertaining to the service of the public  
8           utility". As such, under the provisions K.S.A. 66-117, Westar is required to file the  
9           practice with the Commission at least 30 days before its effective date.<sup>16</sup>

10   **Q.     Why do you consider the developer to be affected by Westar's certificated**  
11           **monopoly?**

12   **A.**    Under the Retail Electric Supply Act (RESA),<sup>17</sup> Westar has an exclusive service territory.  
13           A developer building in Westar territory can obtain electric service only from Westar.  
14           Although the developer is not purchasing electricity from Westar, it is being offered a  
15           service by Westar, and it is captive to Westar's monopoly power. Therefore, the filing of  
16           the rebate practices for Commission approval ensures the practices are a just and  
17           reasonable use of Westar's monopoly power with respect to the developers, the HVAC  
18           suppliers, and the ratepayers, who ultimately pay for the rebate programs.

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<sup>16</sup> K.S.A. 66-117(a) ... no ...public utility...shall make effective any ...practice pertaining to the service...of such public utility...except by filing the same with the commission at least 30 days prior to the proposed effective date.

....  
<sup>17</sup> K.S.A. 66-1,170 et seq.

1 **Q. Do you consider the Builder and HVAC rebate programs also to be practices**  
2 **offered by Westar that are required by K.S.A. 66-117 to be filed with the**  
3 **Commission?**

4 **A.** Yes. When Westar chose to offer the rebate programs, the programs became subject to  
5 Commission oversight. Similar to the Developer Program, the Commission's role with  
6 respect to the Builder and HVAC programs is to ensure the rebate transactions are not  
7 unduly discriminatory to the participants (both rebate receivers and payers) and that the  
8 rebate practices are in the public interest.<sup>18</sup>

9 **Q. Are there similar practices included in the Westar tariff?**

10 **A.** Yes. Section 8 of the General Terms and Conditions of the Westar tariff provides the  
11 terms of Westar's line extension policy, which applies to all of the same developers  
12 requesting heat pump rebates. Similar to the heat pump rebate program, the line  
13 extension policy also provides financial incentives to the developer for expanding the  
14 Westar distribution system. Because the line extension policy is in Westar's tariff, it is  
15 subject to review and approval by the Commission.

16 **IMPACT OF HEAT PUMP REBATE PROGRAMS ON KGS GAS SALES**

17 **Q. Do the rebate programs exclude KGS from providing natural gas service?**

18 **A.** The programs incentivize builders and installers to install heat pumps that displace (or  
19 minimize in the case of hybrid units) the need for natural gas service. While the rebate  
20 programs do not prohibit a customer that purchases a home from connecting it to natural

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<sup>18</sup> K.S.A. 66-101b and 66-101f.

1 gas service, the economic reality of the developer taking advantage of the Westar rebates  
2 is to effectively exclude natural gas from the home.

3 **Q. Do you agree with KGS's contention that creating a total electric subdivision creates**  
4 **captive customers for the electric utility?**

5 **A.** I would agree with KGS that homes built with no natural gas service likely will remain  
6 total electric homes, particularly if no natural gas distribution system is installed in the  
7 subdivision.

8 **Q. Has gas service been installed in any of the subdivisions where the developer**  
9 **participated in the Developer Program?**

10 **A.** As mentioned earlier, Westar has admitted it does not enforce the terms of the Developer  
11 Program. For the most part, however, it appears the Program does result in total electric  
12 subdivisions being constructed. In response to a Staff data request,<sup>19</sup> Westar and KGS  
13 provided information on 25 subdivisions that participated in the Developer Program. For  
14 those developments, only 163 out of 1,018 homes (16%) were provided natural gas  
15 service. For the 25 subdivisions reviewed, Westar paid \$1.1 million in rebates associated  
16 with the Developer Program.

17 **Q. Do you consider Westar's letter of intent for its Developer Program to be**  
18 **misleading?**

19 **A.** Yes. In the case of this Complaint, KGS was obviously misled into assuming that Westar  
20 would require developers to honor the terms of the letter of intent. On the other hand,  
21 there are most likely additional developers that would have taken advantage of the rebate

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<sup>19</sup> Response to Staff Data Request 13.

1           payments if they knew they could receive the rebate for total electric homes while still  
2           building homes with natural gas service.

3   **Q.   Do you consider Westar's practice regarding the terms of the letter of intent to be**  
4           **unduly discriminatory?**

5   **A.**   I was unable to determine if any developers were not allowed to participate in the  
6           programs to the extent they suffered undue discrimination. Dr. Glass also addresses  
7           discrimination in his testimony. In any event, Westar's cavalier practice regarding the  
8           terms of letter of intent combined with the fact that the program is funded by ratepayers  
9           are reasons the rebate programs should be placed in a tariff if the Commission finds them  
10          to be in the public interest.

11   **Q.   Do you agree with KGS's contention that Westar's Program for building total**  
12           **electric housing in their subdivisions is not in the public interest and should be**  
13           **prohibited?**

14   **A.**   Dr. Glass is addressing the public policy ramifications of the incentive programs in his  
15          testimony.

16           **PREVIOUS REVIEWS BY COMMISSION STAFF OF REBATE PROGRAMS**

17   **Q.   Has Staff reviewed the terms and implementation of the three rebate programs that**  
18           **you have mentioned in previous dockets?**

19   **A.**   No. In the dockets referenced in the filings in this Complaint by KGS and Westar, I can  
20          find no record of Staff commenting on how the rebate programs are applied, are paid for,  
21          or how such programs increase electricity sales in the winter.



1 **Q. Please describe the previous dockets<sup>20</sup> discussed by KGS witness Janet Buchanan**  
2 **and Westar witness Larry Wilkus that may have touched on recovery of costs for**  
3 **heat pump installations.**

4 **A.** In all cases, any discussion of rebate programs related to heat pump installation was in  
5 the context of energy efficiency initiatives. However, the purpose of the Developer  
6 Program, which is the focus of this Complaint, is a load building program, not an energy  
7 efficiency program. On this point, Staff agrees with Westar's witness Rebecca Fowler's  
8 Direct Testimony which states, "The major benefits [of the Program] are load  
9 enhancements and increased off-peak kWh sales that reduce the rates of Westar's  
10 customers from what rates would be absent the program."<sup>21</sup>

11 **Q. Do you agree with Mr. Wilkus' characterization that Westar was open and**  
12 **transparent about the Developer Program through the testimony of Westar witness**  
13 **James Ludwig in the 08-1041 Docket?**

14 **A.** No. I would characterize the excerpts of Mr. Ludwig's testimony<sup>22</sup> that refer to heat  
15 pump programs as discussing the prospective merits of such programs and alluding to the  
16 existence of heat pump educational programs. In fact, in Mr. Ludwig's rebuttal  
17 testimony in the 08-1041 Docket, he stated that he was not requesting Commission  
18 approval of the energy efficiency programs described in his testimony.<sup>23</sup>

19 **Q. Did Staff review the rebate program expenses or express an opinion on the rebate**  
20 **programs in the 08-1041 Docket or subsequent Westar rate cases?**

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<sup>20</sup> Dockets 07-GIMX-247-GIV; 08-KCPE-581-TAR; 08-KCPE-848-TAR; 08-WSEE-1041-RTS; 09-GIMX-160-GIV; and 11-WSEE-377-PRE.

<sup>21</sup> See Page 7, lines 17-19, Direct Testimony of Rebecca Fowler.

<sup>22</sup> See Exhibit LW-1, Direct Testimony of Larry Wilkus.

<sup>23</sup> Page 11, lines 16-18 Rebuttal Testimony of James Ludwig, Docket 08-WSEE-1041-RTS.

1   **A.**     No. But I am uncertain if Staff was aware of the rebate program expenses being included  
2           in the rate case or of the merits of the programs. Certainly, Mr. Ludwig's testimony did  
3           not provide sufficient detail of the rebate programs that would cause Staff to evaluate the  
4           reasonableness of the program costs to ratepayers.

5   **Q.**     **Do you believe Staff's silence on the recovery of heat pump rebate programs**  
6           **indicates Staff's acceptance of the validity of the expense recovery?**

7   **A.**     No. There has never been an explicit request for approval of the heat pump rebate  
8           programs and Staff was focused on the explicit requests made by Westar during the rate  
9           cases. In any case, I contend it is Westar's burden -- not Staff's-- to seek Commission  
10          approval of a practice pertaining to the service of the public utility as required by K.S.A.  
11          66-117.

12 **Q.**     **Are there examples in past dockets where Staff has expressed its opinion regarding**  
13          **the transparency of programs similar to the heat pump rebate programs?**

14 **A.**     Yes. In Docket 08-WSEE-862-ACT, Westar requested an accounting order for recovery  
15          of certain costs incurred for various energy efficiency programs, which included  
16          programs associated with heat pump installations. In response to this Application and in  
17          reference to energy efficiency programs, Staff filed a Report and Recommendation that  
18          stated, "Because separation and identification of program costs are essential for program  
19          evaluation, Staff believes that each program should be approved by the Commission  
20          before its costs are eligible for recovery."<sup>24</sup> I note this Report was filed in October of  
21          2008, which was the same month the 08-1041 Docket was settled.

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<sup>24</sup> Page 4 Staff Report and Recommendation, Docket 08-WSEE-862-ACT.

1 **Q. Did the Commission address filings for energy efficiency programs in the 08-862**  
2 **Docket?**

3 **A.** Yes. The Commission's Order in that Docket stated, "Westar is required to file separate  
4 applications seeking Commission approval for each of the three energy efficiency  
5 programs (included in that docket) with such filings including tariffs (rates or riders)  
6 where applicable".<sup>25</sup> As addressed by Dr. Glass, Staff considers the Developer Program  
7 to be a load building program. As stated in Dr. Glass' testimony, it is unclear to Staff  
8 that the Builder Program or HVAC program are energy efficiency programs. Staff  
9 contends that Westar is required to file for Commission approval if they wish to continue  
10 the programs.

11 **Q. Has the Commission approved the recovery of the rebate programs' expenses in**  
12 **Westar rate cases?**

13 **A.** Yes. As noted earlier, without Staff's or the Commission's full knowledge or agreement,  
14 recovery of the expenses associated with heat pump rebate programs has been included in  
15 Westar's most recent rate cases, which have been approved by the Commission.

16 **CONCLUSION**

17 **Q. Please summarize your testimony.**

18 **A.** My major points of my testimony can be summarized as follows:

- 19 • Westar has three rebate programs associated with installation of heat pump  
20 equipment. All of the programs will increase wintertime usage of electric load if  
21 they are used to supply space heat.

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<sup>25</sup> See Ordering Clause B, Docket 08-WSEE-862-ACT.

- 1           •       The cost for the rebate programs is recovered as a utility expense from ratepayers.  
2                   Recovery of the rebate expense has been approved by the Commission in  
3                   Westar's latest rate case. But Westar has not sought specific approval of the  
4                   programs and the Commission has not granted such a request.
- 5           •       Each of the three programs constitute a practice pertaining to the service of the  
6                   public utility, and as such, are required to be reviewed and approved by the  
7                   Commission under the requirements of K.S.A. 66-117. Although the Commission  
8                   clearly required similar programs to be filed with the Commission in the 08-862  
9                   Docket, Westar has concluded tariff filings for the HVAC rebate programs are not  
10                  required for the existing programs.
- 11          •       The "letter of intent" associated with The Developer Program is a contract for all  
12                  intents and purposes; however, the terms of the contract are not enforced by  
13                  Westar. Failure to enforce the contract terms, makes the Developer Program  
14                  simply a \$1,500 payment to a developer for building a total electric home.

**RECOMMENDATIONS**

**Q.     Do you have any recommendations for the Commission?**

**A.     Yes. For the Commission's consideration, I offer the following recommendations:**

- 18           •       As explained in Dr. Glass' testimony, Staff recommends the Commission  
19                  terminate the Developer Program because it is not in the public interest.
- 20           •       Staff recommends Westar cease the HVAC and Builder programs. If Westar  
21                  wishes to continue these programs, I recommend the Commission require Westar  
22                  to file tariff applications for the programs.

- 1                   • I also recommend the Commission require Westar to maintain records of past
- 2                   expenses for the existing three rebate programs with respect to the terms
- 3                   presented to the builders, developers, and contractors. This will allow Staff to
- 4                   evaluate the recovery of these costs in future rate cases.

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

6   **A.     Yes.**



## 2019 HEAT PUMP DEALER ALLY RESIDENTIAL PROGRAM

### REQUIREMENTS:

1. Unless otherwise specified, the program effective dates are **January 1, 2019 through December 31, 2019**.
2. All installations must be completed during the program period.
3. All units are to receive electric service directly from Westar Energy.
4. A *Certificate of Installation* must be completed and furnished to Westar Energy along with a copy of the sale information showing equipment model numbers for all units.
5. Outdoor thermostats on residential hybrid heat pumps to be set at the economic balance point of the equipment installed, but in no case higher than 30 degrees.

### PROGRAM GUIDELINES:

1. The contractor may choose to receive payment per the residential schedule upon submission of the certificates, or may choose to accrue Consumer Education Credits to be used as described in items 2 and 3.
2. Consumer Education Credits will be added to your accrual account after receipt of the completed *Certificate of Installation* form. The credits may be "spent" on advertising as deemed appropriate by the dealer. Payment will be made upon submission of invoices and copy of the promotion subject to the items listed in #3 below.
3. Consumer Education accrual credits may be carried over up to 6 months after the end date of the program period. The promotional copy must include the endorsement of *geothermal* systems, or full or hybrid *high efficiency heat pumps*. All copy shall be approved in advance by Westar Energy.
4. For more information, please contact an account manager listed below:

Tim Goulding (785) 575-6571

Drew Torkelson (785) 575-1156





## 2019 HEAT PUMP DEALER ALLY RESIDENTIAL PROGRAM

Single Family, Duplex, or 4-Plex Homes:	Per System	
	*Credit	Rebate
<b>Installation of a Full Electric Heat Pump System:</b> <ul style="list-style-type: none"> <li>In a new home or room addition</li> <li>In an existing home that did not previously have a full heat pump</li> <li>As a new supplemental unit (includes ductless systems)</li> <li>As a geothermal to geothermal replacement system</li> </ul>	<b>\$300</b>	<b>\$150</b>
<b>Installation of a Hybrid Heat Pump System:</b> <ul style="list-style-type: none"> <li>In a new home</li> <li>In an existing home that did not previously have a hybrid heat pump</li> </ul>	<b>\$250</b>	<b>\$125</b>
<b>Other Installations:</b> <ul style="list-style-type: none"> <li>Replace a heat pump with a heat pump</li> <li>All PTAC HP unit installations</li> </ul>	<b>\$100</b>	<b>\$50</b>
<b>Installation of Geothermal or Inverter Heat Pump:</b> <ul style="list-style-type: none"> <li>In a new home – ducted or multi-head whole-home system</li> <li>Existing home – upgrade from a non-HP whole-home system</li> </ul>	<b>\$450</b>	<b>\$225</b>

Buildings/Apartments larger than a 4-plex: **	Per Dwelling	
	*Credit	Rebate
<b>Installation of a Heat Pump Split System or PTAC HP Units:</b>		
<b>Split System HP units – new construction</b>	<b>\$200</b>	<b>\$100</b>
<b>Split System HP units – remodel or replacement</b>	<b>\$100</b>	<b>\$50</b>
<b>All PTAC HP Installations</b>	<b>\$100</b>	<b>\$50</b>

**\* Consumer Education Credits can be used as detailed in the program description.**

**\*\* Payments for buildings/apartments larger than a 4-plex are limited to 200 dwellings per project.**

**Westar Energy recommends 9 HSPF and above**



## 2019 HEAT PUMP DEALER ALLY COMMERCIAL BUILDING HEAT PUMP PROGRAM

Contractor Installs	Unit Rating	Cash Rebate
<b>Full Electric Heat Pump</b> <b>Air-Cooled Heat Pump</b> Includes ductless/VRF/VRV & PTACs Includes heat pump swimming pool systems	1-5 ton units	\$25/ton
	6 ton units & up	\$50/ton
<b>Geothermal Heat Pump or</b> <b>Water Source Heat Pump</b> Water Loop (Cooling Tower/Boiler), Geo Loop, pond or Well Water Application	All Systems	\$50/ton

### PROGRAM GUIDELINES:

1. This rebate is available only to the mechanical contractor or equipment vendor who directly sold the equipment to the commercial project.
2. System tons are determined by the nominal cooling capacity of the compressor-containing equipment at standard rated conditions.
3. Rebates are limited to \$20,000 per project.
4. All units are to receive electric service directly from Westar Energy.
5. **A Certificate of Installation must be completed and furnished to Westar Energy along with a copy of the sale information showing equipment model numbers for all units.**
6. Unless otherwise specified, the effective dates of the program are January 1, 2019 thru December 31, 2019.

For more information, please contact:

*Drew Torkelson*

*Manager, Trade & Ally Services*

*Phone: (785) 575-1156*

*email: [drew.torkelson@westarenergy.com](mailto:drew.torkelson@westarenergy.com)*





## 2019 RESIDENTIAL BUILDER HEAT PUMP PROGRAM

### REQUIREMENTS:

1. Unless otherwise specified, the program effective dates are **January 1, 2019 through December 31, 2019.**
2. All installations must be completed during the program period. A permanent electric meter must be set.
3. All units are to receive electric service directly from Westar Energy.
4. The builder rebate will be generated upon receipt of a completed *Heat Pump Installation Certificate* from the HVAC contractor.

### TERMS & CONDITIONS:

1. Outdoor thermostats on residential hybrid heat pumps are to be set at the thermal balance point of the equipment installed in the structure, but in no case higher than 30 degrees.
2. For more information, please contact an account manager listed below:

*Tim Goulding*      (785) 575-6571

*Drew Torkelson*      (785) 575-1156

Heat Pump split system installed in a new home, duplex or quad	Rebate per HP Unit
Full Electric Heat Pump	\$250
Hybrid Heat Pump	\$200

Larger Buildings and all PTAC units	Rebate per HP Unit
Full or Hybrid split system heat pump system in a new structure with more than 4 residences *	\$100 per HP Unit
All PTAC HP Installations *	\$ 50 per HP Unit

\* Payments for buildings/apartments larger than a 4-plex are limited to 200 dwellings per project.

**This program may not be used in conjunction with the  
Westar Energy Total Electric Development Program.**

Subject to change without notice. Effective 01/01/19





Please return completed form via email or fax to:  
[tim.goulding@westarenergy.com](mailto:tim.goulding@westarenergy.com) or Fax: (785) 575-1146  
 or [drew.torkelson@westarenergy.com](mailto:drew.torkelson@westarenergy.com) or Fax: (785) 575-1146

## RESIDENTIAL HEAT PUMP CERTIFICATE OF INSTALLATION

### 2019 Credit to Consumer Education Accrual Account or Rebate Reimbursement Request

\*Equipment must receive electric service directly from Westar

CONTRACTOR INFORMATION			
Contractor		Contact Name	
Address		City	State Zip
Contact Phone		Contact E-mail	

CUSTOMER INFORMATION	
Customer Name	Date of Installation
Installation Address	City

HEAT PUMP SPECS											
Brand	SEER	# Units	Total Tons								
<input type="checkbox"/> Full <input type="checkbox"/> Hybrid <input type="checkbox"/> New Const. <input type="checkbox"/> Existing Const. <input type="checkbox"/> Additional Unit	<input type="checkbox"/> PTAC HP <input type="checkbox"/> Ductless HP <input type="checkbox"/> Air-Cooled HP <input type="checkbox"/> Water Source HP <input type="checkbox"/> Geo Loop HP	<b>OLD SYSTEM to NEW SYSTEM</b> (mark one, if existing construction) <table border="0"> <tr> <td><input type="checkbox"/> No Heat to HP</td> <td><input type="checkbox"/> Elec. Ht. to Full HP</td> </tr> <tr> <td><input type="checkbox"/> Nat. Gas to Hybrid HP</td> <td><input type="checkbox"/> Nat. Gas to Full HP</td> </tr> <tr> <td><input type="checkbox"/> Propane to Hybrid HP</td> <td><input type="checkbox"/> Propane to Full HP</td> </tr> <tr> <td><input type="checkbox"/> Hybrid to Hybrid</td> <td><input type="checkbox"/> Full HP to Full HP</td> </tr> </table>		<input type="checkbox"/> No Heat to HP	<input type="checkbox"/> Elec. Ht. to Full HP	<input type="checkbox"/> Nat. Gas to Hybrid HP	<input type="checkbox"/> Nat. Gas to Full HP	<input type="checkbox"/> Propane to Hybrid HP	<input type="checkbox"/> Propane to Full HP	<input type="checkbox"/> Hybrid to Hybrid	<input type="checkbox"/> Full HP to Full HP
<input type="checkbox"/> No Heat to HP	<input type="checkbox"/> Elec. Ht. to Full HP										
<input type="checkbox"/> Nat. Gas to Hybrid HP	<input type="checkbox"/> Nat. Gas to Full HP										
<input type="checkbox"/> Propane to Hybrid HP	<input type="checkbox"/> Propane to Full HP										
<input type="checkbox"/> Hybrid to Hybrid	<input type="checkbox"/> Full HP to Full HP										
If New Construction, list Builder/Developer's Name and Development:											

TYPE OF REIMBURSEMENT REQUESTED (check one)	
<input type="checkbox"/> Credit to Accrual Account	<input type="checkbox"/> Rebate Amount: \$
Please Attach Copy of Sale with Quantities & Model Numbers Listed	

REIMBURSEMENT CHECK MADE PAYABLE TO			
Contractor	<input type="checkbox"/> Check if same as above	Contact Name	
Address	City	State	Zip

RESERVED FOR INTERNAL USE ONLY	
Approved by:	Date:
Premise #:	Account #:



# EXHIBIT LMH-2

page 3



Please return completed form via email or fax to:  
 Drew Torkelson: [drew.torkelson@westarenergy.com](mailto:drew.torkelson@westarenergy.com) or Fax: 785-575-1146

## COMMERCIAL HEAT PUMP CERTIFICATE OF INSTALLATION

### 2019 Rebate Reimbursement Request

Equipment must receive electric service directly from Westar

CONTRACTOR INFORMATION			
Company Name		Contact Name	
Address		City	State Zip
Contact Phone		Contact E-mail	

PROJECT INFORMATION			
Date Unit Sold		Date of Installation	
Project Name			
Installation Address		City	State Zip

HEAT PUMP SPECS			
Brand	EER	# of Units	Total Tons Installed*
<input type="checkbox"/> New Const. <input type="checkbox"/> New Addition <input type="checkbox"/> Existing Const.	<input type="checkbox"/> One Stage Comp. <input type="checkbox"/> Two Stage Comp. <input type="checkbox"/> Variable Comp.	* VRF/VRV tons based on condensing units <input type="checkbox"/> Commercial Pool Dehumidification Heat Pump	
<input type="checkbox"/> Full <input type="checkbox"/> Hybrid <input type="checkbox"/> VRF/VRV	<input type="checkbox"/> Air-Cooled <input type="checkbox"/> Ground Loop <input type="checkbox"/> Ground Water <input type="checkbox"/> WSHP/Clg Tower	OLD SYSTEM to NEW SYSTEM (for existing const) <input type="checkbox"/> No heat to HP <input type="checkbox"/> Hybrid to Full HP <input type="checkbox"/> Electric heat to HP <input type="checkbox"/> Gas to Full HP <input type="checkbox"/> Gas to Hybrid HP <input type="checkbox"/> Full HP to Full HP	

REBATE REIMBURSEMENT REQUEST	
Attach Proof of Purchase with Quantities and Model Numbers Listed	Amount: \$

REIMBURSEMENT CHECK MADE PAYABLE TO			
Name	<input type="checkbox"/> Check if same as above	Contact Name	
Address	City	State	Zip

RESERVED FOR INTERNAL USE ONLY		
APPROVED BY	Signature:	Date:
Premise #:	Account #:	



## 2019 Total Electric Subdivision Heat Pump Program

Person's Name  
 Company Name  
 Company Address  
 City, State, Zip

**LETTER OF INTENT:** Total Electric Heat Pump Subdivision  
 Development Name, Development City, KS

**MAXIMUM NUMBER OF BUILDINGS:**

XX buildings. All buildings within the subdivision to be built Total Electric with a Full Heat Pump split system as the primary heating source. All buildings to be served directly by Westar Energy.

**REBATE AMOUNTS:**

Westar Energy Agrees to provide a cash rebate for each building, once a full heat pump system and permanent residential meter have been set. The cash rebate amounts are as follows:

Building Type*	PER BUILDING PAYOUT		Notes
	14 SEER HP	16+ SEER HP	
Single Family	\$1,200.00	\$1,500.00	1 or more heat pump system per building
Duplexes	\$1,600.00	\$2,000.00	2 or more heat pump systems per building
Triplexes	\$2,100.00	\$2,700.00	3 or more heat pump systems per building
Quads	\$2,400.00	\$3,000.00	4 or more heat pump systems per building
Greater than Quad	\$500.00 per HP unit, 14+ SEER		Maximum \$20,000.00 rebate per building

\*Must be within a total electric subdivision containing multiple buildings of quads or less.

**COMPLETION DATE:**

This agreement is in effect for five years from the date of signature.

**ACCEPTANCE:**

Westar Energy agrees to the above and accepts the above conditions.

\_\_\_\_\_  
 Drew Torkelson  
 Westar Energy  
 Manager, Trade and Ally Services

\_\_\_\_\_  
 Date

Company Name agrees to the above and accepts the above conditions.

\_\_\_\_\_  
 Person's Name

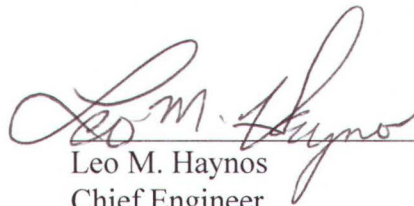
\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Title

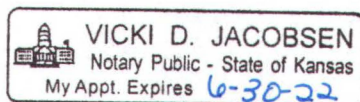
STATE OF KANSAS                    )  
  ) ss.  
COUNTY OF SHAWNEE            )

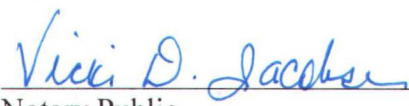
**VERIFICATION**

Leo M. Haynos, being duly sworn upon his oath deposes and states that he is the Pipeline Safety Chief Engineer for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Leo M. Haynos  
Chief Engineer  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 22<sup>nd</sup> day of July, 2019.



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

My Appointment Expires: June 30, 2022

## **CERTIFICATE OF SERVICE**

19-WSEE-061-COM

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Direct Testimony was served via electronic service this 22nd day of July, 2019, to the following:

JAMES G. FLAHERTY, ATTORNEY  
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jflaherty@andersonbyrd.com

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dari.dornan@blackhillscorp.com

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m.duenes@kcc.ks.gov

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7421 W 129TH ST  
OVERLAND PARK, KS 66213-2713  
Fax: 913-319-8622  
judy.jenkins@onegas.com

**CERTIFICATE OF SERVICE**

19-WSEE-061-COM

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WESTAR ENERGY, INC.  
818 S KANSAS AVE  
PO BOX 889  
TOPEKA, KS 66601-0889  
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cathy.dinges@westarenergy.com

/s/ Vicki Jacobsen

Vicki Jacobsen