

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of a General Investigation into)
the Appropriateness of Certain Sections of) Docket No. 15-GIMX-344-GIV
the Kansas Corporation Commission's)
Electric and Natural Gas Billing Standards)
(Billing Standards) Related to On-Premises)
Collections.)

CURB'S RECOMMENDATIONS REGARDING INVESTIGATION PROCEDURES

Pursuant to the order issued by the Kansas Corporation Commission (KCC or Commission) on February 26, 2015, the Citizens' Utility Ratepayer Board (CURB) herein submits its recommendations concerning how this docket should proceed.

Introduction

1. The Commission opened this docket on February 26, 2015, at the urging of its Staff¹, in the wake of the Commission's rejection of two prior requests of Westar Energy to revise certain sections of the Commission's Billing Standards.² Staff (and CURB) recommended that the Commission investigate and evaluate the "appropriateness and implication of eliminating the "knock and collect" requirement prior to disconnection of utility service.³ The Commission ordered parties to the docket to "file comments on how the general investigation should proceed to minimize the need for extensive comment periods" within 45 days from the date of its order.⁴

¹ *Staff's Report and Recommendation*, at 3.

² Jan. 29, 201, *Order Denying Application*, at 3, KCC Docket No. 15-WSEE-188-MIS; *see also* KCC Docket No. 13-WSEE-707-TAR.

³ *Staff's Report and Recommendation*, at 1.

⁴ *Order of Feb. 26*, at 3.

Jurisdiction; Billing Standard provisions at issue

2. CURB agrees with the Commission that it has jurisdiction over this subject matter pursuant to its broad authority to regulate the public utilities granted by K.S.A. 66-101 *et seq.* (*Order of Feb. 26, at 2*).

3. The Billing Standards that would be affected by modification or elimination of the “knock and collect” requirement are included in the Appendix for reference.

Discussion of the proposal to be investigated

4. Since captive customers cannot take their business to another utility if they are unhappy with their utility service, the Commission has set high standards of performance that the utilities are required to meet, including the Billing Standards which govern the terms of the relationship between the utility and its customers. Collectively, the provisions under consideration in this docket contain what is commonly called the “knock and collect” requirement, which is a requirement that before a utility employee disconnects service from a residence, he or she shall make a last-minute attempt to make face-to-face contact with someone at the service address and offer to accept a payment that would avert the disconnection, or inform the person of the options if payment is not made.

5. The employee is required to report the substance of the discussion with the person, and record any disputed facts offered in argument against the disconnection. A card with the utility’s contact information, along with information about the customer’s options to restore utility service must be left at the service address if no one is at home. The card must also indicate the time of

disconnection, so that customers may take action if necessary to protect water pipes or perishable foods.

6. The reason for the utilities' interest in eliminating the "knock and collect" requirement is that many of them have—or plan to install—advanced electronic metering infrastructure that offers the capability to connect and disconnect service at the service address from a remote location. For utilities with these meters, it is no longer necessary to dispatch an employee to the service address to disconnect service. The labor savings accrued by eliminating on-site calls is significant and helps offset the considerable costs of the more advanced meters. Since it is no longer necessary to send an employee to the address to disconnect service, the utilities would like to eliminate the "knock and collect" requirement in the Billing Standards. Otherwise, the utilities do not accrue labor savings resulting from their ability to perform remote disconnections.

7. Advocates of this change have argued that the advent of cell phones, email, text messaging and the internet now makes it possible prior to service disconnections to make the last-minute contacts with customers wherever they are, via the device or method preferred by the customer. Further, they note that bank bill-payment services, credit cards and debit cards are already frequently used by customers to make last-minute utility payments over the phone or the internet, and these conveniences offer a suitable alternative to making the last-minute payment to a utility employee. They claim that these innovations will be as protective of the customer as the current requirement to "knock and collect".⁵

8. The basic issue is whether providing the customer a last-minute opportunity to avert a disconnection using modern communication devices and remote payment options rather than the

⁵ *Application* at 4, KCC Docket No. 13-WSEE-707-TAR; *Testimony of Mike Rinehart*, at 5-6, KCC Docket No. 15-WSEE-188-TAR.

required “knock and collect” method will provide an equivalent level of protection to the customer from unnecessary or unwarranted disconnections of utility service. The Commission’s standards for notice to customers before disconnections are especially protective of customers—even when there is no doubt that the customer has failed to pay the bill—and include additional safeguards after the initial ten-day notice to help prevent unnecessary disconnections. Disconnection of a customer under the Cold Weather Rule has yet another layer of safeguards that ensure that disconnections are not made during freezing weather. The depth of the concern with which the Commission has traditionally viewed any effort to eliminate or weaken the right of the customers to access utility services or their rights to fair billing practices and equitable treatment in disputes with the utility should lead the Commission to proceed cautiously. The first step would be to gather facts relating to the proponents’ contention that the proposed methods of notifying customers of impending disconnection of service will actually work.

9. The Commission should initially determine whether the customers at greatest risk of disconnection are able to maintain consistent access to telephone service or internet service to receive utility messages, and whether they actually have reliable access to a credit card, a debit card or other remote payment options. Although many households now have cell phones and internet service, it is not unreasonable to suppose that a household in danger of losing utility service for failure to pay the bill may have already given up cell phone service or internet service, or may not have good credit or remote payment options. The Commission needs facts to establish whether that happens and how often. Whether the Commission determines that an evidentiary hearing is required or not, the Commission should begin these proceedings by soliciting hard data from the utilities and social service agencies that provide utility bill assistance to verify whether the alternative methods of

notice proposed to replace the “knock and collect” requirement will actually reach the customers at greatest risk of utility service disconnection. Since the in-person “knock and collect” requirement serves as the last backstop of protection for customers from unnecessary or unwarranted disconnections, the Commission should proceed cautiously before modifying the Billing Standard provisions at issue.

Summary of CURB’s recommended options

- **Gather relevant data to help determine whether the proposed alternatives to the “knock and collect” rule will provide equivalent protection to customers**

10. The Commission should require the utilities to provide statistics relating to the number of disconnection processes they initiate each year by sending the ten-day notice, how many “knock and collect” actions are taken, how many actually make contact with a person at the address, how many customers pay the utility employee to avert disconnection, how many customers raise defenses to disconnection and how many turn out to be valid defenses, and how many initiated disconnection processes finally conclude with disconnection of service. The utilities should be required to provide data on the percentage of all customers that they have found do not have a valid telephone number or is temporarily out of service. If utilities offer services that require the customer to provide a valid email address, they should be asked how often the utility discovers later that the email address is not valid or out of service. Obviously, through the course of this docket, the need for other information may become apparent; the Commission should ask for it when it is needed.

11. The social service agencies that provide utility bill assistance to customers may also have useful data relating to these questions. The Commission should also solicit these agencies to

provide any data that may shed light on these questions and encourage them to actively participate in the docket.

- **Encourage participation of the public and the social service agencies that provide utility bill assistance**

12. The Commission should request the active participation in this docket by social service agencies that provide utility assistance, such as the Low-Income Energy Assistance Program (LIEAP) operated by the Kansas Department of Children and Families, the Salvation Army, Catholic Charities and other utility assistance programs throughout the state. They are often a valuable source of factual information and statistics on the customers they serve. Utility disconnections have significant impacts on these agencies as well as on their clients, and they may be able to offer informed opinions about the potential impact of changes in the “knock and collect” rule. The Commission should reach out to these agencies and programs to encourage them to offer testimony or comments in the docket on the issue under consideration, and request that they provide relevant statistics or other information that may be useful to the Commission.

13. Additionally, a generous comment period should be scheduled for accepting comments from the public. To solicit comments from around the state, the Commission could issue a press release to a variety of state newspapers describing the investigation and announcing the dates of the comment period.

- **Facilitate comments and roundtable discussions after the data is gathered.**

14. The Commission should solicit and encourage comments and discussion once the data has been gathered. In previous Billing Standard dockets, the Commission has hosted roundtable discussions and other meetings among the parties to facilitate discussion of the issues and the gathering of vital information, and CURB encourages the Commission to consider doing so in this docket.

- **Keep options open for public hearings and holding an evidentiary hearing**

15. To provide a basis for a ruling making any modifications to the Billing Standards, the Commission should publish notice of its preliminary findings and determinations and conduct public hearings around the state. Customers should be allowed to express their opinions to the Commission on any proposed changes to longstanding policies that directly affect them and their families before the Commission issues its final order.

After considering an initial round of comments from the parties and the public, the Commission may determine that the policies, facts and issues under consideration are important enough to merit requesting prefiled testimony from the parties and holding an evidentiary hearing. CURB suggests that the Commission leave room in the procedural schedule for the parties to prefile direct testimony and a round of responsive testimony, followed by a one- or two-day evidentiary hearing.

Respectfully submitted,



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VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

I, Niki Christopher, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



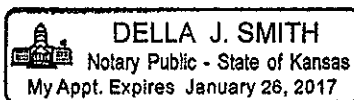
Niki Christopher

SUBSCRIBED AND SWORN to before me this 13th day of April, 2015.



Notary Public

My Commission expires: 01-26-2017.



Appendix

Billing Standard provisions that may be affected by a Commission decision in this docket:

► **SECTION IV. STANDARDS ON DISCONTINUANCE OF SERVICE PRACTICES**

....

C. Except for discontinuance pursuant to IV.A(1), (3) and (8)⁶, a utility shall not discontinue service unless:

....

(2) The utility employee who is to disconnect service is also authorized to accept payment of amounts due for utility charges and thereby either avert disconnection or provide for reconnection.

....

G. The employee of the utility who is to disconnect service shall:

(1) Immediately preceding the discontinuance of service, make a reasonable effort to:

- a. Contact and identify himself or herself to the customer or responsible person then upon the premises and shall announce the purpose of his or her presence;**
- b. Identify and record the name of the person contacted;**
- c. Accept payment of all amounts tendered to him which are necessary to avert disconnection;**
- d. Record statements disputing the accuracy of the delinquent bill;**
- e. Record statements disputing the accuracy of the utility's findings concerning the cause for discontinuance; and**

⁶ The exceptions of Section IV.A. referred to here are: (1) When the customer requests it; (3) When a utility bill becomes delinquent as provided in Section II.A, after proper notice, as provided in Section IV.E; (8) When the customer violates any rule of the utility which adversely affects the safety of the customer or other persons, or the integrity of the utility's delivery system. Section IV.E. referred to in subsection (3) sets forth the requirements of the initial notice of disconnection.

- f. Record statements concerning the medical condition of any permanent resident of the premises.
- (2) If contact with the customer is not made, the employee shall leave a notice upon the premises in a manner conspicuous to the customer disclosing the date and time of discontinuance and giving the address and telephone number of the utility where the customer may arrange to have service restored.

► **SECTION V. COLD WEATHER RULE**

....

D. Responsibilities of utilities:

Each utility shall comply with the following requirements:

....

(2) Send one written notice mailed first-class at least 10 days prior to termination of service. A customer may not be disconnected until a 48-hour forecast above the activating temperature is predicted by the National Weather Service. During the first 24 hours, which will be the day prior to disconnection, the utility shall make at least one telephone call attempt with the customer of record and make one attempt at a personal contact with the customer of record on the day prior to termination of service if telephone contact on that day was not made. The telephone call attempt(s) and personal contact the day prior to disconnection is in addition to the already existing notice requirements contained in the Commission's standards under Section IV. If the customer is not contacted during the phone call(s) or the personal contact the day prior to termination of service, the utility employee shall leave a disconnect message on the door on the day prior to disconnect. There will be no charge for this service. On the day of disconnection, the utility must receive a 24-hour forecast above the activating temperature from the National Weather Service. If the temperature is then forecast to be below the activating temperature, the disconnection may not be carried out and the utility must wait for another 48-hour forecast above the activating temperature and follow the same procedures prior to disconnection.

In the telephone contact(s), the 10-day written notice, the personal contact and the disconnect message on the door, in addition to the existing requirements in Section IV, utilities shall also inform the customer of the existence of the Cold Weather Rule, that the customer can avoid disconnection by complying with Section V.C. [pertaining to the responsibilities of customers], and the telephone number of the Commission's Consumer Protection Office.

CERTIFICATE OF SERVICE

15-GIMX-344-GIV

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 13th day of April, 2015, to the following:

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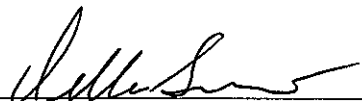
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