

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

In the Matter of the Application of Evergy )  
Kansas Central, Inc. and Evergy Kansas South, ) Docket No. 20-EKCE-357-TAR  
Inc. for Approval of Tariff Changes to )  
Implement Consolidated Customer Forward )  
Program. )

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

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), submits its Notice of Filing of Staff's Report and Recommendation and states as follows:

Staff hereby files the attached Report and Recommendation dated October 7, 2020, recommending the Commission approve Evergy Kansas Central's Application subject to Staff's recommended edits to the filed tariff language.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation, and for any other further relief as the Commission deems just and reasonable.

Respectfully submitted,

s/Cole Bailey

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Susan K. Duffy, Chair  
Dwight D. Keen, Commissioner  
Andrew J. French, Commissioner

Laura Kelly, Governor

## **REPORT AND RECOMMENDATION UTILITIES DIVISION**

**TO:** Chair Susan Duffy  
Commissioner Dwight D. Keen  
Commissioner Andrew J. French

**FROM:** Douglas Hall, Rate Analyst  
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance  
Jeff McClanahan, Director of Utilities

**DATE:** October 7, 2020

**SUBJECT:** Docket No. 20-EKCE-357-TAR—In the Matter of the Application of Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. for Approval of Tariff Changes to Implement Consolidated Customer Forward Program.

### **EXECUTIVE SUMMARY:**

Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., together as Evergy Kansas Central (Evergy Kansas Central) is in the process of integrating various IT systems with Evergy Metro, Inc. (Evergy Kansas Metro) subsequent to the merger between Great Plains Energy Incorporated, Kansas City Power and Light Company, and Westar Energy, Inc., which the Commission approved in Docket No. 18-KCPE-095-MER (18-095 Docket). One such process is the integration and consolidation of the merged companies' customer service systems by moving the Evergy Kansas Central customers onto Evergy Kansas Metro's recently developed customer service system, in what the companies refer to as the Customer Forward Program. In order to align systems and processes across the company and to allow the implementation of the Customer Forward Program, Evergy Kansas Central and Evergy Kansas Metro have filed parallel Applications requesting a set of changes to their General Terms and Conditions (GTC). They also request that the Commission approve the proposed tariff changes to go into effect with the go-live date, which they plan to notify the Commission of with a filing in the Docket. Due to disruptions caused by the temporary State shutdown, and in accordance with the Commission's Emergency Order Staying All Dockets, Evergy Kansas Central has requested, and the Commission has approved, the extension of the statutory deadline for a Commission Order in this Docket to November 11, 2020.

Staff recommends approval of Evergy Kansas Central's Application subject to the Staff's recommended edits to the filed tariff language, as the proposed changes conform to the Commission's Billing Standards and Staff contends that these tariff changes are just and reasonable.

### **BACKGROUND:**

On February 14, 2020, Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., together as Evergy Kansas Central (Evergy Kansas Central), filed an Application requesting approval of tariff changes for its Customer Forward Program. A parallel Application was filed by Evergy Metro, Inc. (Evergy Kansas Metro) in Docket No. 20-EKME-358-TAR. The Customer Forward Program is a project to consolidate customer service systems and align customer policies subsequent to the merger between Great Plains Energy Incorporated, Kansas City Power & Light (now Evergy Metro, Inc.), and Westar Energy, Inc. (now Evergy Kansas Central, Inc.), and comprises a set of changes to Evergy Kansas Central's GTC.

The proposed changes to the GTC are categorized by topic, and include the Average Payment Plan (APP) (Section 4.06), Align length of time to pay after a billing adjustment (Section 4.05.03), Estimation Process (Section 4.05.03), Meter Reading Charge (Section 4.04.05(a)-(b), Extended Service Arrangement for Residential Customers (Sections 5.09(a)-(c) and 12.12), Commercial Credit Card Payments (Section 12.15), Residential Time of Use customers/APP, and Diversion Charges (Section 4.07.05(iv)).

On September 2, 2020, Evergy Kansas Central filed Supplemental Information in Support of Application to provide more detailed explanations of the proposed changes to the GTC, and adding the topic of Deposit Interest Application. This was followed by a filing of Corrected Supplemental Information in Support of Application on September 14, 2020, revising the explanation regarding Deposit Interest Application.

On September 8, 2020, Staff and Evergy Kansas Central filed a Joint Motion to Extend Statutory Deadline requesting that the statutory deadline be extended by 30 days to November 11, 2020, due to disruption caused by the COVID-19 pandemic. The Commission approved this request on September 17, 2020.

### **ANALYSIS:**

Staff examined the changes to the GTC proposed by Evergy Kansas Central, and the analysis that follows organizes topics by the order in which they appear in the Application. Staff evaluates whether each proposed change conforms to the Commission's Electric, Natural Gas and Water Billing Standards (Billing Standards). One of the primary benefits listed by Evergy Kansas Central in the Application is the efficiencies arising from having unified systems and consistent policies. Staff agrees that these efficiencies and consistent policies across the Evergy companies will provide customer benefits, in fact, it is these exact type of efficiencies and benefits that were contemplated when the Commission approved the merger in the 18-095 Docket.

#### **Average Payment Plan**

Evergy Kansas Central proposes a change to Section 4.06, Sheets 16 – 21, of its GTC. This substantive portion of the GTC addresses the Average Payment Plan (APP) that customers can opt

into, and sets a customer's monthly balance based on historical average usage. The proposed changes to the APP can be separated into three components.

First, the review calculation that determined the "average" billed to the customer would be updated to include the total unpaid utility bill balance each month. Each month, Evergy Kansas Central will compare the average of the previous 12 bills combined with the cumulative unpaid balance compared to the actual usage for the same period. Currently, the APP does not include the cumulative balance in the review calculation. Second, a difference of 10% in the month-to-month "average" would trigger a change in a customer's bill. Under the current GTC, a periodic review occurs once per year, or upon the request of either Evergy Kansas Central or the customer. Third, the annual periodic review would be eliminated. Instead, the review calculation would be performed monthly, with changes only occurring when the 10% variation threshold is reached.

There are also provisions in section 4.06.05 that allow a customer with less than 12 months of billing history to participate in the APP, including options for customers with nine months of utility history and an option for a customer with less than nine months history.

These changes would make Evergy Kansas Central's APP substantially similar to that of Evergy Kansas Metro's. The latter's APP was approved in Docket No. 18-KCPE-062-TAR (18-062 Docket).<sup>1</sup> In that Docket, Staff's analysis included a simulation "show[ing] the proposed average payment adjustment process to be more responsive to fluctuations when compared to the current annual average payment adjustment process".<sup>2</sup> Staff reaffirms its prior analysis and recommends approval of each of the proposed changes to Section 4.06 of the GTC.

#### **Align length of time to pay after a billing adjustment**

Evergy Kansas Central proposes a change to Section 4.05.03(b) Sheet 13 of its GTC adding language to allow for more flexibility in the amount of time given to a customer to pay a balance due as a result of a billing adjustment. Currently, Section 4.05.03(b) reads in part:

If balance is due and payable to Company, customer may, upon and request and approval of Company, pay the amount in equal monthly installments over a period equal to the adjusted billing period.

The proposed change would read (emphasis added):

If balance is due and payable to Company, customer may, upon and request and approval of Company, pay the amount in equal monthly installments over a period at least equal to the adjusted billing period.

Evergy Kansas Central states in the supplement to their Application that the intention of the added language is to allow customers up to two times the number of months to pay as was adjusted, though Staff notes this intent is not explicit in the choice of verbiage.<sup>3</sup> However, the use of "at least" does not remove any benefit from customers, and could be beneficial to customers by

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<sup>1</sup> Order Adopting Staff's Report and Recommendation, pp. 1-2, 18-062 Docket (Mar. 29, 2018).

<sup>2</sup> Notice of Filing of Staff's Report and Recommendation, p. 7, Docket No. 18-062 Docket (Mar. 19, 2018).

<sup>3</sup> Evergy Kansas Central Notice of Filing Supplemental Information in Support of Application, p. 1, Docket No. 20-EKCE-357-TAR (Sep. 2, 2020).

making an adjusted bill more manageable; doubling the amount of time to repay the adjustment would halve the monthly payment. Staff supports the addition of this language to Section 4.05.03(b) of the GTC, and recommends approval of the proposed changes.

### **Estimation Process**

Evergy Kansas Central proposes a change to Section 4.04.04 Sheet 10 of its GTC. The proposed tariff would change the estimated bill procedure in cases where the meter cannot be read, distinguishing between customers that have Advanced Metering Infrastructure (AMI) meters, and customers with non-AMI (analog) meters.

Section 4.04.04 would read:

#### Estimated Bill Procedure:

a) For customers with Advanced Metering Infrastructure (AMI) meters, when a current meter read is unavailable, the system will average consumption from the last read plus three-prior days to estimate the read. If that information is not available, a second estimation attempt will be made. The system will average the usage from five historical reads from the previous year. It will average the usage from the read in prior year from the same day as being estimated along with the three days prior and one day after. If the second estimation attempt is not successful, then the estimation is a manual process. The Billing Department will estimate usage based on historical usage information from the same premise and if and not available, the usage of customers with like premises.

b) For customers with non-AMI meters, when a current meter read is unavailable, the system will average the usage from the prior year in the same billing month the usage 35 days before and the usage 35 days after that month. If that information is not available, a second read estimation attempt will be made by averaging the usage from the prior two readings. If the second estimation attempt is not successful, then the estimation is a manual process. The Billing Department will estimate usage based on historic usage information from the same premise and if not available, the usage of customers with like premises.

The majority of the language in the proposed tariff is identical to the Estimation Process in Evergy Kansas Metro's GTC approved in Docket 18-KCPE-063-TAR (18-063 Docket).<sup>4</sup> Evergy Kansas Central states that the process used to estimate reads is not changing, but it is requesting two changes in tariff language to clarify the process.

First, in Section 4.04.04(a), Evergy Kansas Central requests that the time period estimated when a current meter read is unavailable be changed from "three-prior days" to "last read plus three-prior days". Second, in Section 4.04.04(b), Evergy Kansas Central requests that the period over which the system will average usage be changed from "the usage from the prior year in the same billing month and the following billing month" to "the usage from the prior year in the same billing month, the usage 35 days before and the usage 35 days after that month."

As specified in the proposal, the estimate in the proposed Section 4.04.04(b) is unclear to Staff. Usage from the same billing month, the prior month, and following month could be read as a three

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<sup>4</sup> Order Adopting Staff's Report and Recommendation, p. 2, Docket No. 18-KCPE-063-TAR (Jan. 4, 2018).

month period. In order to clarify that the estimation is based on a 70 day window, Staff recommends that the sentence in question be amended as follows:

For customers with non-AMI meters, when a current meter read is unavailable, the system will average usage from 35 days prior to and 35 days after the same date of the previous year.

Conditioned upon Staff's recommended change, Staff supports the proposed changes to Section 4.04.04 of the GTC, and recommends approval of the changes.

### **Meter Reading Charge**

Evergy Kansas Central proposes a change to Section 4.04.05(a)-(b) of its GTC that would allow for more flexibility with respect to meter reading charges. The proposed tariff would read as follows (emphasis added to show changed language):

a) If a customer who has agreed to read customer's own meter fails to furnish a reading to Company for two consecutive billing periods, Company shall read customer's meter and may assess customer a Meter Reading Charge as filed in Section 12.02, Meter Reading Charge.

b) In cases where a meter has been read, Company, shall at customer's request, reread customer's meter. However, should the reread verify the accuracy of the regular read, Company may shall assess customer a Meter Reading Charge as provided in Section 12.02, Meter Reading Charge. Should the reread of customer's meter indicate that the regular read was incorrect, Company will waive the Meter Reading Charge.

The current version of part (b) of the tariff reads "shall" instead of "may", which leaves the utility no flexibility in cases where a customer requests a rereading of the meter. The use of "may" also conforms with the Electric, Natural Gas and Water Billing Standards (Billing Standards), Section I.B(1) which indicates that a "utility may read the meter and charge the customer a meter reading charge as provided in rules and regulations filed with and approved by the Commission."<sup>5</sup>

Given that the change in language would only be of benefit to customers in that Evergy Kansas Central could waive a Meter Reading Charge at its discretion, and that the revised language conforms with the Billing Standards, Staff recommends approval of the proposed changes to Section 4.04.05(a)-(b) of the GTC.

### **Extended Service Arrangement for Residential Customers**

Evergy Kansas Central proposes removing Section 5.09(a)-(c) and related charge appearing in Section 12.12 from its GTC. The portion of the GTC in question relates to the usage of "service limiters", devices which limit the flow of electricity into a home or business, and were installed as an alternative to disconnection.

The present version of Section 5.09 of the GTC was approved on November 3, 2006 in Docket No. 06-WSEE-899-TAR (06-899 Docket).<sup>6</sup> In its Memorandum reviewing the proposed changes

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<sup>5</sup> Billing Standards, p. 4 (Jan. 20, 2012).

<sup>6</sup> Order, p. 3, Docket No. 06-WSEE-899-TAR (Nov. 3, 2006).

to the GTC, Staff noted that language in the GTC referencing service limiters dated back to 1989; however, by 1998, they were not being used.<sup>7</sup> Evergy Kansas Central indicates in the instant Application that the program to implement service limiters is obsolete, and that payment arrangements are used to aid customers in avoiding disconnection of service.

Because service limiters are no longer used, and because there exist alternatives for customers to avoid disconnection, Staff supports the removal of Section 5.09(a)-(c) and Section 12.12 of the GTC.

### **Commercial Credit Card Payments**

Evergy Kansas Central proposes a change to Section 12.15 of its GTC that would lower the credit or debit card transaction fee for commercial customers from 3.25% to 2.7% and set a transaction limit of \$5,000. Residential customers would not be affected by the change.

Staff contends that the proposed changes to the card transaction fee and transaction limit are consistent with the Minimum Standards for Payment Methods for Utility Bills (Payment Standards). Specifically, Section (I), "Credit card fees incurred by the customer must be reasonable", and Section (J), "The level of customer service must be preserved."<sup>8</sup>

The proposed transaction fee is reasonable as it is being lowered by 0.55%, saving commercial customers money. Commercial customers will be permitted to make multiple card transactions, so balances larger than the transaction limit will still be payable by credit or debit card. The transaction fee is percentage-based and not a flat fee, so multiple transactions would not affect the cost to the customer. While a transaction limit could be considered an inconvenience that inhibits the level of customer service, Staff believes that most commercial customers with balances significantly larger than the limit of \$5,000 would opt for less expensive payment options. Thus, the transaction limit does not diminish the level of customer service for commercial customers.

Because the proposed commercial credit card payment changes are consistent with the Payment Standards, Staff recommends approval of the proposed changes to Section 12.15 of the GTC.

### **Residential TOU customers/APP**

Evergy Kansas Central proposes a change to the Time of Use Rate Schedule (TOU) Sheet 4 that would allow customers taking service under this rate schedule to enroll in the Average Payment Plan (APP). Currently, customers taking service under the TOU are not eligible to enroll in the APP. The proposed changes to the rate schedule read as follows (emphasis added to show changes):

3. Customers served under this optional pilot program will not be eligible for Company's Average Payment Plan until billing commences on the Customer Care and Billing (CCB) system.

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<sup>7</sup> Memorandum of the Staff of the State Corporation Commission of the State of Kansas, p. 8, Docket No. 06-WSEE-899-TAR (Nov. 1, 2006).

<sup>8</sup> Minimum Standards for Payment Standards for Utility Bills (Nov. 22, 2005).

Evergy Kansas Central states that the legacy system does not permit TOU customers to take billing under the APP. However, the changes made in the consolidation of the customer service systems post-merger will allow for TOU customers to enroll in the APP.

Staff notes that Evergy Kansas Metro does not have any restriction preventing TOU customers from taking billing under the APP. Also, Section 4.06.01 of Evergy Kansas Central's GTC states that "the Average Payment Plan (APP) is available to any customer who qualifies for Electric Service under Company's Residential Electric Service and Small General Service rate schedules". The change to the TOU would make policy more consistent for customers in all service areas, and provide an additional billing option for customers. Therefore, Staff supports the proposed change to the TOU.

### **Diversion Charges**

Evergy Kansas Central proposes changes to Section 4.07.05(iv), Sheet 26, of its GTC that would require full payment of all costs and charges related to tampering or diversion of service prior to restoration of service. Currently, customers that tamper with or steal service enter into an agreement for payment prior to restoration of service. The revised GTC would read (emphasis added to show changes):

All other charges, costs, damages, and Security Deposits provided for under Company's General Terms and Conditions when customer has tampered or fraudulently used Company's facilities shall be included in the full payment made by the agreement between Company and customer prior to the restoration of service.

The provided reason for the change is to align the language in the GTC with Section 4.07.07(iii) concerning restoration of service under the Cold Weather Rule. That section reads:

Electric Service must be restored as soon as possible, using every commercially reasonable effort, after full payment has been made by customer for the diversion charges.

With respect to restoration of service, Section IV.H(1) of the Billing Standards states that:

Upon the customer's request, a utility shall restore service promptly when the cause of discontinuance of service has been eliminated, applicable restoration charges paid and, if required, satisfactory credit arrangements have been made.

Given that cases of theft or diversion require some intentional action, it seems to Staff reasonable that charges, costs, and damages would be part of applicable restoration charges. A security deposit, if required, would be a component of satisfactory credit arrangements. Therefore, Staff contends that Evergy Kansas Central requiring full payment of all costs and charges from a customer in cases of tampering or diversion of service conforms with the Billing Standards. Further, the proposed change would see that Sections 4.07.05(iv) and 4.07.07(iii) both reference full payment, making the GTC language consistent. For these reasons, Staff supports the proposed changes to Section 4.07.05(iv) of the GTC.



**RECOMMENDATION:**

Staff recommends approval of Evergy Kansas Central's proposed changes to its GTC because they conform to the Commission's Billing Standards and are therefore just and reasonable. For the Average Payment Plan (APP) (Section 4.06), Align length of time to pay after a billing adjustment (Section 4.05.03), Meter Reading Charge (Section 4.04.05(a)-(b), Extended Service Arrangement for Residential Customers (Sections 5.09(a)-(c) and 12.12), Commercial Credit Card Payments (Section 12.15), Residential Time of Use customers/APP, and Diversion Charges (Section 4.07.05(iv)), Staff recommends approval of the filed tariff language. For the Estimation Process (Section 4.05.03), Staff recommends approval conditioned upon Staff's suggested edits to the filed tariff language.

## CERTIFICATE OF SERVICE

20-EKCE-357-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 was served via electronic service this 13th day of October, 2020, to the following:

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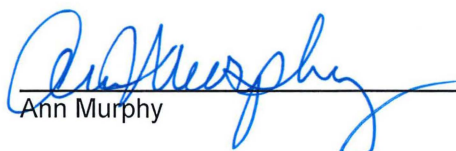
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