

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

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

**RECOMMENDATION OF WESTAR ENERGY, INC. AND  
KANSAS GAS AND ELECTRIC COMPANY TO CONTINUE PILOT PROGRAM**

COME NOW Westar Energy, Inc. and Kansas Gas and Electric Company  
(collectively referred to as "Westar") and file their Recommendation to Continue Pilot  
Program. In support of its recommendation, Westar states:

**I. Introduction**

A. Executive Summary

The Commission should approve continuation of the Knock and Collect Pilot Program that was established by the Commission's August 17, 2017 Order in this docket. The pilot program's waiver of the "knock and collect" requirements of the Commission's Billing Standards modernizes those billing standards, allows Westar to fully utilize the capabilities of the AMI meters the Commission has already approved installation of, reduces costs for customers through lower operating costs and lower disconnection and reconnection fees, improves safety for Westar employees, and provides customers with the opportunity to select the method that is most convenient for them to receive notice of pending disconnections.

The Knock and Collect Pilot Program provides for a waiver of the "knock and collect" requirements of the Commission's Billing Standards that otherwise require the utility to mobilize an employee and attempt collection at the customer's premises prior to

disconnection. Westar has installed Advanced Metering Infrastructure (“AMI” or “smart meters”) for nearly all of its customers and the AMI technology installed allows Westar to disconnect and reconnect customers remotely without being present at the customer’s location. The Knock and Collect Pilot Program replaces live on-premises contact through “knock and collect” with two new contact attempts, using a method the customer has indicated as his or her preferred choice of contact. Thus, the pilot program, allows the utilities to fully utilize the modern capabilities of the AMI meters and take full advantage of the benefits of these meters which customers are paying for today.

The pilot program has been active for 15 months as of the end of 2018, and provides significant benefits to Westar and its customers, as discussed below, and neither Westar nor the Commission has received any complaints about the new procedures from customers since the pilot program was implemented. Waiver of the knock and collect requirements is also consistent with the Commission’s policy of adjusting the Billing Standards to reflect changes in technology that have occurred since the last broad review of those standards nearly 30 years ago (1989).

If Westar continues to have success with the pilot program, Westar intends to recommend the Commission permanently change the Billing Standards and eliminate the knock and collect requirements of the Standards. This recommendation, made at the time of the Final Review, would be prior to the expiration of the pilot so that it would maintain continuity of the practice that customers have become accustomed to throughout the pilot program.

B. Procedural Background

In February 2015, the Commission adopted Staff's recommendation and opened this general investigation into the Electric and Natural Gas Billing Standards (Billing Standards) to examine the appropriateness of eliminating the "knock and collect" requirement prior to disconnecting utility service.<sup>1</sup> Staff recommended the inquiry be limited only to Section IV, Item C (2); Section IV, Item G; and Section V, Item D (2) of the Billing Standards.<sup>2</sup> The Commission requested entries of appearance for party participants and solicited comments from the parties.<sup>3</sup> After exchange of written comments by the parties, on March 7, 2017, the Staff, Citizens' Utility Ratepayer Board ("CURB"), Westar, and Southern Pioneer moved the Commission for approval of a waiver of the Billing Standards and creation of a pilot program to temporarily waive the "knock and collect" requirement of the Commission's Billing Standards.

Ultimately, the Commission approved a pilot program waiving the knock and collect requirements for Southern Pioneer and Westar.<sup>4</sup> For customers with smart meters, the pilot program implemented new procedures for customer notice in place of the on-premises collection attempt required by the Commission's Billing Standards. Specifically, the pilot program requires the utilities to make additional attempts to contact the customer prior to disconnection and relieves the utility from making an on-premises collection attempt except during the Cold Weather Rule months. This waiver also reduced the

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<sup>1</sup> Order Adopting Staff's Report and Recommendation and Opening General Investigation (Feb. 26, 2015).

<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Id.* at 2-3.

<sup>4</sup> Order Approving Pilot Program (Aug. 17, 2017).

disconnect and reconnect fees charged to customers with AMI meters. The following procedures were approved for customers with AMI meters as part of the pilot program:

1. During Non-Cold Weather Rule Months (April 1 – October 31)
  - a. Ten (10) days prior to disconnection, the Company shall mail a “Notice of Disconnection” letter to the Customer. The Company shall mail this letter separately from a utility bill or any other correspondence. (This requirement is already established in the General Terms and Conditions.)
  - b. Five to Seven (5-7) days prior to disconnection, the Company shall attempt to contact the Customer via the Customer’s preferred choice (phone call, text message, email), informing the Customer of the Company’s intent to disconnect.
  - c. Two (2) days prior to disconnection, the Company shall attempt to contact the Customer via a Phone Call, informing the Customer of the Company’s intent to disconnect. (This requirement is already established in the General Terms and Conditions.)
  - d. One (1) day prior to disconnection, the Company shall attempt to contact the Customer via the Customer’s preferred choice, informing the Customer of the Company’s intent to disconnect.
  - e. On the day of disconnection, the Company may disconnect the Customer. The Company shall not be required to make an on premises collection attempt or leave a disconnect message on the Customer’s door.
2. During Cold Weather Rule Months (November 1 – March 31)
  - a. Ten (10) days prior to disconnection, the Company shall mail a “Notice of Disconnection” letter to the Customer. The Company shall mail this letter separately from a utility bill or any other correspondence. (This requirement is already established in the General Terms and Conditions.)
  - b. Five to Seven (5-7) days prior to disconnection, the Company shall attempt to contact the Customer via the Customer’s preferred choice (phone call, text message, email), informing the Customer of the Company’s intent to disconnect.
  - c. Two (2) days prior to disconnection, the Company shall attempt to contact the Customer via a Phone Call, informing the Customer of the

Company's intent to disconnect. (This requirement is already established in the General Terms and Conditions.)

- d. One (1) day prior to disconnection, the Company shall attempt to contact the Customer via a Phone Call, informing the Customer of the Company's intent to disconnect.
- e. If the attempted Phone contact described in letter (d) above is not successful, the Company shall place a disconnect message at the Customer's premises on the day prior to disconnection. The Company may then disconnect service on the day of disconnection (unless otherwise prohibited by the Cold Weather Rule).
- f. If the attempted Phone contact described in letter (d) above is successful, the Company shall not be required to place a disconnect message at the Customer's premises on the day prior to disconnection. The Company may then disconnect service on the day of disconnection (unless otherwise prohibited by the Cold Weather Rule).

Additionally, the pilot program provides that for customers with an AMI meter, the Disconnection Fee shall be \$5.00, and the Reconnection Fee shall be \$0. This is a reduction of Westar's disconnection fee of \$15.00 and reconnection fee of \$20.00 for non-AMI customers.

The pilot program required the utilities to take steps to provide notice to customers about the change in procedures that would result from the program. After the Commission approved the pilot program on August 17, 2017, Westar worked with Commission Staff, CURB and the Commission's Public Affairs and Consumer Protection ("PACP") office to develop a bill insert to educate and inform customers about the pilot program. The bill insert was provided to customers between September 5, 2017, and October 3, 2017. This insert was also handed to customers on knock and collect visits during the month of September 2017. In March 2018, Westar provided additional bill inserts repeating the information about the pilot program because the end of the Cold Weather Rule period was March 31, 2018. Information regarding the pilot program is also on Westar's website under

the “Help paying my bill” and Energy Assistance sections. Additionally, Westar has customer advisors who are actively helping customers in its communities, each of whom is able to provide detailed information about the pilot program and how it works. Through the combination of bill inserts and by hand delivering the education materials to customers when field personnel were at customers’ residence or business during the month of September prior to implementation, Westar was able to ensure that customers were well informed of the procedure changes.

The pilot program contains a requirement for Westar and Southern Pioneer to file bi-annual reports containing specified data and the requirement for a “Midpoint Review” and a “Final Review” for parties and the Commission to evaluate the performance of the pilot program.<sup>5</sup> This filing by Westar is made as part of the Midpoint Review process, which allows the parties to submit a recommendation regarding continuation of the pilot program after two bi-annual reports have been submitted.<sup>6</sup>

Westar filed its Pilot Program Tariff on September 20, 2017 and then made the required bi-annual filings on April 13, 2018, and October 16, 2018. At the time the pilot program began in October 2017, Westar had deployed AMI meters to approximately 80% of its customers. Now, Westar is 99.4% deployed for AMI meters, so the procedures under the pilot program are being applied for almost all of Westar’s customers. Since implementation of the new procedures provided for under the pilot program, Westar has not received any verbal or written complaints regarding the new process from customers, and Westar’s customer advisors assisting customers struggling to pay their bills have not

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<sup>5</sup> *See Id.* at pp. 6-7.

<sup>6</sup> *See Id.* at p. 5.

received any complaints about the process. No complaints – formal or informal – have been filed with the Commission regarding the process.

C. Benefits of the Knock and Collect Waiver

The Knock and Collect Pilot Program provides numerous benefits to both Westar and its customers. It leverages the benefits of the AMI technology and helps Westar control costs for the benefit of all customers.

Prior to the implementation of the pilot program, on average, during the non-cold weather rule period (April through October), Westar performed approximately 6,500 knock and collect attempts per month or more than 300 each business day. Each time a Westar employee traveled to a customer's residence to disconnect service, it cost approximately \$13.25, including the cost of the service person's time and the truck used to travel to the residence. For example, in 2014, Westar worked over 56,000 non-pay shut-off orders, for a total cost of approximately \$740,000. Westar requested the waiver of the knock and collect requirements because the cost of these "truck rolls" to perform the knock and collect were becoming increasingly wasteful of customer dollars as AMI continued to be rapidly deployed. Under the pilot program, employees are not required to travel to the customers' residence to disconnect power, saving time, fuel, and wear and tear on vehicles. Service personnel who previously spent time making the knock and collect visits can now be assigned to different activities. All customers benefit because elimination of the knock and collect requirements reduces Westar's operating costs and individual customers subject to disconnection benefit because Westar has reduced the disconnect and reconnect fees for customers with AMI meters.

Additionally, as Westar explained in comments filed earlier in this docket, the knock and collect attempts were not generally successful. Outcomes prior to the pilot program were generally as follows:

- 66% - No collection and electric service is disconnected
- 25% - Collection of either partial or full amount due
- 9% - Customers retain their electric service as a result of the specific factual situation that occurs during the knock and collect attempt (e.g., minimal amount due and pay agreement eligible)

The very low success rate Westar was experiencing was not especially surprising since the knock and collect effort is the last of at least four preceding attempts to collect payment from the customer. It was clear that the knock and collect procedure was not effective; thus, the pilot program replaced the knock and collect requirements with two new notification/collection attempts utilizing the modern communication method preferred by the customer, providing the same or better notice to the customer.

Elimination of the knock and collect requirements also eliminates any embarrassment that might occur for customers when a Westar employee attempts to collect an outstanding bill at their door prior to disconnection. By notifying the customer of the disconnection via phone, email or text (the customer's choice), the collection attempt remains private and provides the customer with the option of making a payment immediately (on the website, using a credit card, or calling the customer relations center) to avoid disconnection. Also, elimination of the on-premises collection attempt reduces the risk for scam artists or imposters to take advantage of customers. Furthermore, under the pilot program, customers have the same number of days to make a payment and receive



more notifications about an overdue payment. The customer also gets to decide how he or she wishes to be notified about the overdue payment and pending disconnection. Utilizing the technology in digital meters has also provided Westar with the ability to restore service faster when a customer makes the necessary payment to reestablish service and largely eliminates the cost associated with returning to the residence to restore service.

Prior to implementation of the pilot program, Westar had also encountered situations in the field where an employee's life has been threatened and required law enforcement involvement. Most common are incidents where dogs are knowingly let out into the yard by customers while Westar employees are onsite to knock and collect or disconnect power. Elimination of the knock and collect requirements eliminates these types of safety risks for employees because an employee is not required to travel to the customer's residence.

## **II. Standard of Review**

In previous dockets where utilities have requested a waiver from the Commission's Billing Standards, the Commission has reviewed the request on a qualitative basis to determine whether the requested waiver is reasonable for the utility and customers and by applying Section VI of the Commission's Billing Standards.<sup>7</sup> That section provides that "[t]he requirements in these standards may be waived in individual cases by the commission upon written request by the utility and a showing that compliance with the requirement would not serve the interests of either the utility or the customer." In the Customer Comment Form Waiver Docket, the Commission also recognized that changes

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<sup>7</sup> See, e.g., In the Matter of the Application of Westar Energy, Inc. and Kansas Gas and Electric Company for a Waiver of Billing Standards Related to Comment Form in Annual Customer Notice, *Order Approving Joint Motion and Granting Waiver*, Docket No. 11-WSEE-449-MIS (September 9, 2011) ("Customer Comment Form Waiver Docket").

in modern communication have occurred since the Billing Standards were last revised in 1989 and that “customers now have a variety of ways to contact and interact with utilities. Customers can communicate over the internet, through social networking, by phone with a customer service representative, by emergency dedicated phone lines for immediate response, through automated phone response systems and through traditional methods such as a letter, postcard or other writing.”<sup>8</sup>

Similarly, when the Commission evaluated whether to make changes to its Billing Standards related to the requirements for customers to provide security deposits in Docket No. 07-GIMX-446-GIV, the Commission qualitatively analyzed the impact of the proposed changes to the Billing Standards on customers and the utilities and determined whether those changes were reasonable.<sup>9</sup> As part of its justification for approving changes to the Billing Standards, the Commission recognized that “more than twenty years” had passed “since the last update” to the Billing Standards, and that during that time, “there have been significant changes in the cost of utilities, the technology used to pay bills (including the growth of the internet and credit cards), and practices within the banking industry (including credit checking methods).”<sup>10</sup>

Thus, in this docket, the Commission should determine whether continued use of the knock and collect requirements would benefit either customers or the utilities or whether the waiver of those requirements is reasonable and benefits customers and the utilities on a qualitative basis. Additionally, the Commission should review the pilot

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<sup>8</sup> *Id.* at ¶ 6.

<sup>9</sup> In the Matter of the General Investigation into Billing Standards Related to Security Deposits for Residential and Nonresidential Customers of Gas, Electric and Water Public Utilities, *Order*, Docket No. 07-GIMX-446-GIV (June 22, 2011).

<sup>10</sup> *Id.* at ¶ 2.

program in light of its prior recognition that it is reasonable to amend or waive the Billing Standards when there have been significant changes in technology that affect the reasonableness of the standards that were implemented in 1989.

### **III. Recommendation**

The Commission should approve continuation of the Knock and Collect Pilot Program. Westar's request to continue the pilot program is not a request for approval of a new expenditure or for inclusion of certain costs in rates. The pilot program simply changes the process used to attempt to collect payment from customers prior to disconnection and allows Westar to fully utilize the capabilities of those AMI meters by using the remote disconnect and reconnect features of the meters. There is no incremental cost for Westar to utilize these capabilities of the meters.<sup>11</sup> Rather, use of the remote disconnect and reconnect features of the AMI meters actually saves customers money – both on an overall basis through a reduction in operating costs and on an individual customer basis through lower disconnect and reconnect fees.

Continuation of the use of the knock and collect procedures would not be in customers' or the utilities' interests. Instead, waiver of those requirements benefits both customers and the utilities. As the Commission has recognized and was discussed above, technology has changed substantially since the time the Billing Standards were last adjusted in 1989, especially with respect to how customers communicate with their utility and the options customers have for paying their bills. Meter technology has also

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<sup>11</sup> Although Westar did incur approximately \$20,000 in order to re-program its system to provide the additional notices to customers required by the pilot program and to produce certain data requested by Staff as part of the pilot program reporting requirements, there is no incremental cost to Westar to utilize the remote disconnect and reconnect capabilities of the AMI meters and this re-programming cost was a one-time, upfront cost.

developed, and the AMI meters being utilized have new and different capabilities than meters had in 1989 – allowing utilities to disconnect and reconnect customers remotely, not only allowing utilities to disconnect service without being present at the premises but also allowing them to reconnect customers without being present and much more quickly than without utilizing such technology. It is reasonable for the Commission to recognize these changes in technology that have occurred and allow the waiver of the pilot program to continue in order to modernize the Billing Standards to be consistent with the new technology and with the modern way that customers interact with their service providers.

Under the pilot program, customers have been provided with two new notices/opportunities to pay prior to disconnection (more than without the pilot program) and those notices are being provided using the method chosen by the customer. There have been no complaints whatsoever – informal or formal – from customers about the new procedures since the implementation of the pilot program, providing evidence that elimination of the on-premises collection attempt is not negatively affecting customers. In fact, customers who require assistance from our customer advisors because they have difficulty paying their bills have not mentioned a single concern about the fact that Westar employees are no longer coming to their doors to attempt collection.

Westar's experience during the pilot program demonstrates that it has been successful for customers, has reduced overall costs and specific costs for disconnection and reconnection, and has allowed Westar to fully utilize the capabilities of the meters that have been installed. Therefore, Westar requests that the Commission approve continuation of the Knock and Collect Pilot Program. Also, as indicated above, if Westar continues to have success with the pilot program, Westar intends to ask the Commission to make the

change to the Billing Standards eliminating the knock and collect requirements permanent when Westar files its recommendation at the time of the Final Review.

WHEREFORE, Westar respectfully requests that the Commission issue an order approving continuation of the Knock and Collect Pilot Program.

Respectfully submitted,

WESTAR ENERGY, INC.  
KANSAS GAS AND ELECTRIC  
COMPANY

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#### **CERTIFICATE OF SERVICE**

I hereby certify that on this 16<sup>th</sup> day of January, 2019, the foregoing **Recommendation** was electronically filed with the Kansas Corporation Commission and that one copy was delivered electronically to all parties on the service list.

/s/ Cathryn Dinges