

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Thomas E. Wright, Chairman
Michael C. Moffet
Joseph F. Harkins

STATE CORPORATION COMMISSION

JUN 26 2009

In the Matter of the Application of Kansas)
City Power & Light Company for Approval)
Of a Low Income Weatherization Variance)
And For Approval of Related Modifications)
To Its Low Income Weatherization Tariff)

Docket No. 09-KCPE-828-TAR

 Docket
Room

CURB's Response to Staff's Memorandum

The Citizens' Utility Ratepayer Board (CURB) submits its comments below on the Memorandum *In the Matter of the Application of Kansas City Power and Light Company for Approval of a Low Income Weatherization Variance and for Approval of Related Modifications to its Low Income Weatherization Tariff* (Report), which was filed by the Staff of the Kansas Corporation Commission on June 16, 2008:

1. On April 23, 2009, Kansas City Power and Light (KCPL) filed an application with the Commission to approve a variance to its Low Income Weatherization Tariff and modification to certain language. The new tariff proposal allows reallocation of the existing Low Income Weatherization program budget to assist social services in “ramping up” for the infusion of additional funding from the American Recovery and Reinvestment Act of 2009 (ARRA). The reallocated funds could be used for equipment, workforce, training, administration, space needs and outreach to eligible customers.

2. On June 18, 2009, Staff filed a memorandum recommending approval of KCPL's application. CURB disagrees with the Staff's recommendation that the Commission approve KCPL's Low Income Weatherization – Variance Tariff. CURB

urges the Commission to deny KCPL's Low Income Weatherization – Variance Tariff because (1) federal funding has already been released and is currently available to social service agencies, (2) the Kansas Housing Resources Corporation (KHRC) has created formal training and technical assistance programs which are available to social service agencies for workforce training, and (3) grantees and subgrantees in Kansas can request to use operational funds from the U.S. Department of Energy (DOE) to make vehicle and equipment purchases.

3. KCPL has requested this tariff change in order to help social service agencies “ramp up” or be better prepared when the federal funding is released. Staff's Report states that the National Association for State Community Service Programs (NASCSPP) advised Congress “that ramping up to meet the new level of weatherization will require agencies to begin acting **prior to the release of federal funding.**” (*emphasis added*) (Report, at 4)

4. However, federal funds for “ramping up” have already been released to these agencies, thereby making this tariff variance unnecessary. On June 8, 2009, U.S. Department of Energy Secretary Steven Chu announced the transfer of funding from the ARRA to expand Kansas' state Weatherization Assistance Program. According to the U.S. Department of Energy, Kansas has now received 50 percent of its ARRA funds for weatherization projects. Forty percent (\$22,576,708) was awarded on June 8, 2009, which is in addition to the ten percent (\$5,644,177) which was made available on March 12, 2009, to help “states and territories to support planning and ramp-up activities.”¹ Because Kansas is currently in receipt of 50 percent of the funds available for

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<http://www.kshousingcorp.org/display/files/News%20Releases/6809%20Weatherization%20KS%20Specific.pdf>

weatherization assistance programs, CURB contends that it is not necessary to expend ratepayers dollars for activities associated with “ramping up”.

5. KCPL’s application and Staff’s report seem to indicate that social service agencies have not yet begun “ramping up”. However the DOE states that “(p)rior to receiving this latest round of weatherization funding, the Kansas weatherization network – a collection of public and private nonprofit agencies, including community action agencies, a regional planning commission, a housing service agency, an economic development district, and a county government – analyzed their staffing and equipment needs and have ramped up their operations. The Kansas Weatherization Assistance Program has also increased the number of trainings they are running to meet the increased demand for weatherization workers.”² This statement indicates that the KHRC has evaluated the “ramp up” requirements in Kansas, and has already taken the necessary steps to ramp up. Again, it is imprudent to spend ratepayers dollars for ramping up, when the KHRC has already ramped up.

7. KCPL’s application indicates that social service agencies need additional funds in order to hire additional support staff. However, social service agencies have already begun hiring additional workers, using allocated funds received through the ARRA. On June 18, 2009, the Johnson County Board of Commissioners authorized the Human Services Department to use a portion of the ARRA funding to hire two temporary employees to support the additional staffing needs of the expanded weatherization program.³ KCPL indicated that Johnson County Human Services and Aging (now known as Johnson County Human Services Department) is one of three social service agencies

² http://apps1.eere.energy.gov/weatherization/news_detail.cfm/news_id=12564

³ <http://www.jocogov.org/coverStories/june.htm#weatherize>

that would receive additional funding through the Low Income Weatherization – Variance Tariff.⁴ This social service agency is actively hiring additional support staff and utilizing ARRA funding without any assistance from ratepayers.

8. In addition, KCPL indicates that the Low Income Weatherization – Variance Tariff will allow additional funds for workforce training. However, as part of KHRC’s comprehensive application, it detailed a plan for increased training and technical assistance (T&TA) efforts as part of the ARRA funding. Due to the increased funding for the WAP, the DOE is allowing up to 20 percent of program dollars to be spent for T&TA projects.⁵ For Kansas, this means that up to \$11.2 million dollars may be utilized for T&TA. The Kansas Weatherization Assistance Program (K-WAP) is offering T&TA funding to its subgrantees for automated audit inspection procedures, formal inspector certification training, specialized training through the Kansas Building and Science Institute (KBSI), national activities as they are planned, as well as many other T&TA opportunities.⁶ With detailed training procedures and increased funding available to subgrantees, ratepayer dollars are not necessary to supplement further training and certification.

9. KCPL also contends that social service agencies are in need of additional funding in order to purchase equipment. However, grantees and subgrantees are not restricted from making equipment and vehicle purchases with their ARRA funding. Grantees and subgrantees can request to use Department of Energy Weatherization Program Operation funds for purchases of \$5,000 or more for vehicles and equipment. In

⁴ KCPL response to CURB Data Request Question No. 5

⁵ http://apps1.eere.energy.gov/wip/pdfs/wap_recovery_act_foa.pdf at p 21

⁶ <http://www.kshousingcorp.org/display/files/News%20Releases/6809%20Weatherization%20KS%20Specific.pdf> at section II.6

its Funding Opportunity Announcement (FOA), the DOE provided regulations and guidance for grantees and subgrantees needing to make a vehicle or equipment purchase of more than \$5,000 as a replacement, or for ramp up activities. According to the FOA, if a grantee submits all the required information, the request will be approved within 3 business days.⁷ Thus federal funding is already available for these type of purchases.

10. KCPL and Staff report that social service agencies will experience increased administrative expenses as a result of the ARRA funding. KCPL has requested to use part of its Low Income Weatherization funds to assist with these increased administrative expenses. However, CURB does not believe this is an appropriate use of ratepayer dollars. CURB argues that the cap on administrative expenses is a percentage of a subgrantee's allocation of funds. As the ARRA increased funding for the WAP, the amount of dollars allowed for administrative expenses has also increased. For example, the three social service agencies that would benefit from KCPL's proposed Low Income Weatherization – Variance Tariff (Johnson County Human Services and Aging, East Central Kansas Economic Opportunity Corporation, and Southeast Kansas Community Action Program) will receive a combined \$11,478,000 in WAP funding through the ARRA over the next three years.⁸ These three social service agencies will be allowed to expend over half a million dollars (\$573,900) in administrative expenses alone.

11. Further, KCPL indicates that it will review each payment to the requesting social service agency to determine if it is an appropriate use of funds. The social service agencies will be required to “provide monthly reports accounting for funds received from

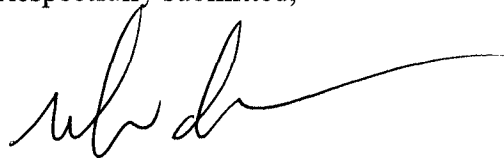
⁷ http://apps1.eere.energy.gov/wip/pdfs/wap_recovery_act_foa.pdf at p 30-31

⁸ http://www.kshousingcorp.org/display/files/Weatherization/WAP_ARRA.pdf at p 4 - Johnson County Human Services and Aging: \$1,899,000; East Central Kansas Economic Opportunity Corporation: \$6,642,000; Southeast Kansas Community Action Program: \$2,937,000

KCPL, the categories for which such funds were expended, the number of KCPL territory residences weatherized, the total number of weatherization jobs completed, and the total number of weatherization jobs in progress.” Staff Report, at 3. However, by utilizing funds provided through the ARRA, the Kansas Housing Resources Corporation has developed an extensive monitoring approach, which includes a program and administrative review.⁹ Since federal funding is providing for the monitoring and review of this program, CURB asserts that it is unnecessary to use ratepayer dollars for further program administration.

12. CURB requests the Commission accept Staff’s alternative recommendation, and direct the Company to hold in reserve the \$358,771 that is available from KCPL’s Low Income Weatherization tariff until funding from the American Recovery and Reinvestment Act (ARRA) is completed in 2011.

Respectfully submitted,



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<http://www.kshousingcorp.org/display/files/News%20Releases/6809%20Weatherization%20KS%20Specific.pdf> at section III.6.3

CERTIFICATE OF SERVICE

09-KCPE-828-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was placed in the United States mail, postage prepaid, e-mailed, or hand-delivered this 26th day of June, 2009, to the following:

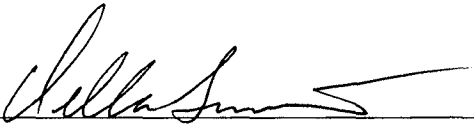
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