

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

In the Matter of the Application of Westar )  
Energy, Inc. and Kansas Gas and Electric )  
Company for Approval of Revisions to Their ) Docket No. 14-WSEE-589-TAR  
General Terms and Conditions Related to the )  
Credit Card Convenience Fee )

**CURB's Response to Staff's Report and Recommendation**

The Citizen's Utility Ratepayer Board (CURB) submits its response to the Report and Recommendation filed by the Staff of the Kansas Corporation Commission (Staff and Commission respectively) in the above-captioned docket on November 17, 2014.

1. On June 18, 2014, Westar Energy, Inc. and Kansas Gas and Electric Company ("Westar") filed its application seeking approval to eliminate the convenience fee charged to residential customers that use credit or debit cards to pay their monthly bills and to incorporate the cost of those transactions into Westar's cost of service. For commercial and industrial customers, Westar seeks approval to adjust the amount of the convenience fee paid by customers to reflect the true cost of using that payment method for those customers.

2. A convenience fee is required by the Commission's Minimum Standards for Payment Methods for Utility Bills and Allowing the Acceptance of Credit Cards by Kansas Jurisdictional Electric, Natural Gas, and Water Utilities (Credit Card Standards) and the amount of the convenience fee is established in the General Terms and Conditions of Westar's Tariff. According to Westar's application, all Westar customers who pay their electric bill using a credit or debit card are charged a convenience fee of \$2.95 with a limit of \$1,000 per transaction.

Westar's application seeks a revision to its General Terms and Conditions in order to eliminate the convenience fee charged to residential customers.

3. On November 17, 2014, Staff filed its Report and Recommendation. Staff recommends the Commission approve Westar's application subject to the condition that Westar's recovery of its credit card transaction costs be limited to costs that are shown to be in line with other payment method costs and other utilities credit card programs.<sup>1</sup>

4. After reviewing the evidence supplied in Westar's application and in discovery and after reviewing Staff's Report and Recommendation, CURB agrees that the Commission should approve Westar's application.

5. In its response to Staff Data Requests 1.3 and 2.1, Westar provided data detailing the payment methods currently utilized by Westar customers and the fee associated with each payment option. The results of this data are summarized in Table 1 of Staff's Report and Recommendation. According to Westar, there are currently six available payment options for Westar customers: (1) CSR TEL Checks, (2) Credit/Debit Card, (3) Walk-in payments through authorized agents, (4) Remittance Payments, (5) EDI payments, and (6) Web/IVR checks. Currently, with the exception of credit or debit card transactions, the costs associated with each of the available payment options are included in Westar's cost of service and included in rates for all customers.

6. If the Commission grants Westar's application, the costs associated with credit and debit card transactions will be included in Westar's cost of service and will be treated in a manner equivalent to the costs associated with other types of transactions. While there is a reasonable argument that suggests the cost of a residential customer's billing and payment choice

---

<sup>1</sup> Staff Report and Recommendation at page 4.

should be charged to that customer, in reality, Commission policy has always included the cost of various billing and payment options in the utility's overall cost of service. Customers that never use a walk-up payment center still pay for the center, and customers that choose to receive and pay bills online don't receive a discount for avoiding the cost of printing and mailing hard copies of bills. Perhaps utility tariffs at some future date should reflect the cost of each individual billing and payment choice, but current Commission policy does not appear to be moving in this direction. Therefore, it is also reasonable to argue that Westar's current tariff arbitrarily singles out customers that pay by credit or debit cards for special charges. It can also be fairly argued that it is arbitrary to allow one utility (Kansas City Power & Light) to eliminate the credit card convenience fee while denying another.

7. CURB recognizes that consumer banking habits and payment methods have changed. According to the Federal Reserve Bank of Boston, in 2009 the average consumer made 64.5 total payments in a typical month. Of these payments, 19.0 – or nearly 30% – were made with a debit card. The same report finds that in 2009, bill payments accounted for more than one in four consumer payments and that 25.2 percent of all bill payments were made with a debit card – making the debit card the most popular payment instrument for paying monthly bills.<sup>2</sup> With the growth of digital meters, electronic billing and internet banking, CURB believes that over time more customers will avail themselves of non-traditional billing and payment methods, and that all customers may see savings from reduced transaction costs.

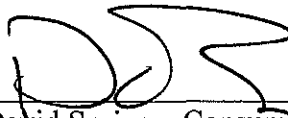
8. In light of changing customer habits and the already existing policy of including all billing and payment transaction costs in the cost of service, CURB agrees that it is no longer appropriate for customers that choose to pay with credit or debit cards to be charged an

---

<sup>2</sup> *The 2009 Survey of Consumer Payment Choice*, April 2001, <http://www.bostonfed.org/economic/ppdp/2011/ppdp1101.pdf> at pages 10-14.

individual fee. CURB supports Staff's recommendations and agrees with its conclusions. CURB recommends the Commission adopt Staff's recommendation and grant Westar's application, subject to the condition that Westar's recovery of its credit card transaction costs is limited to costs that are shown to be in line with other payment method costs and other utilities credit card programs.

Respectfully submitted,



---

David Springe, Consumer Counsel #15619  
Niki Christopher #19311  
Citizens' Utility Ratepayer Board  
1500 SW Arrowhead Road  
Topeka, KS 66604  
(785) 271-3200  
(785) 271-3116 Fax



**CERTIFICATE OF SERVICE**

14-WSEE-589-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 26<sup>th</sup> day of November, 2014, to the following:

AMBER SMITH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604-4027  
[a.smith@kcc.ks.gov](mailto:a.smith@kcc.ks.gov)

CATHRYN J. DINGES, SENIOR CORPORATE COUNSEL  
WESTAR ENERGY, INC.  
818 SOUTH KANSAS AVE  
PO BOX 889  
TOPEKA, KS 66601-0889  
[Cathy.Dinges@westarenergy.com](mailto:Cathy.Dinges@westarenergy.com)



---

Della Smith  
Administrative Specialist