

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

In the Matter of the Joint Application of Westar)
Energy, Inc. and Kansas Gas and Electric)
Company for Amendment of the Grandfathering) Docket No. 19-WSEE-474-TAR
Dates in their RS-DG and RS Tariffs.)

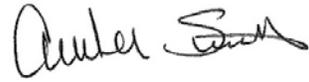
NOTICE OF FILING STAFF'S REPORT AND RECOMMENDATION

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) files its report and recommendation on Westar's Joint Application for Amendment of Grandfathering Dates in its RS-DG Tariffs.

Staff recommends Westar be permitted to move the grandfathering date for the RS-DG tariff from October 28, 2015, to October 1, 2018. Staff further recommends Westar calculate bills for RS-DG customers eligible to be grandfathered by using both the RS-DG and the RS rate designs for the period October 1, 2018, to the most recent month's bill data available and send the results to the eligible RS-DG customers so they can compare the effect of the different rate designs on their electric bill. Staff also recommends Westar include educational information for RS-DG customers that provides advice on how customers can control their demand. Finally, Staff recommends that Westar allow any RS-DG customers who want to remain on the RS-DG rate design the option to do so, and that Westar provide a window until October 1, 2019, during which RS-DG customers can change one-time the rate design they wish to be on.

WHEREFORE, Staff submits its Report and Recommendation.

Respectfully submitted,



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For Commission Staff

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

FROM: Justin Prentiss, Senior Research Economist
Lana Ellis, Deputy Chief of Economics and Rates
Robert Glass, Chief of Economics and Rates
Jeff McClanahan, Director of Utilities

DATE: June 13, 2019

SUBJECT: Docket No. 19-WSEE-474-TAR: In the Matter of the Joint Application of Westar Energy, Inc. and Kansas Gas and Electric Company for Amendment of the Grandfathering Dates in their RS-DG and RS Tariffs

EXECUTIVE SUMMARY:

In the 15-WSEE-115-RTS rate case, the Commission approved a separate Residential Standard Distributed Generation (RS-DG) tariff for all Residential customers who are approved for net metering after October 28, 2015. In the 18-WSEE-328-RTS rate case, the Commission approved a three-part rate design for the RS-DG customers while keeping Residential Standard (RS) customers on a two-part rate design. All customers put on the RS-DG tariff since October 28, 2015, were subject to the new three-part rate design.

Solar advocates argued the new RS-DG rate design was unexpected and hurts RS-DG customers by increasing their electric bills. As a result of a compromise with Climate + Energy Project, Westar requests changing the grandfathering date from October 28, 2015, to October 1, 2018.

Staff notes that Westar notified RS-DG customers that their rate design could change in a manner that could impact the economics of distributed generation. The higher winter electric bills were probably the result the 2018-2019 winter being significantly colder than the previous three winters. In addition, the new RS-DG rate design was calculated to be approximately revenue neutral with the new RS rate design. And on average, RS-DG customers saved about 2.7% on their electric bills from October 2018 through March 2019.

Staff recognizes that rate design issues tend to be complex and difficult and that many customers do not pay close attention to utility notices until they have higher electric bills. As a result, Staff

recommends that Westar's proposal to move the grandfathering date for the RS-DG tariff be accepted. Since many RS-DG customers had lower bills because of the new RS-DG rate design, Staff further recommends that Westar send RS-DG customers their winter bills calculated with both the RS-DG rate design and the RS rate design. In addition, Staff recommends if RS-DG customers want to remain on the RS-DG rate design, that Westar allow the grandfathered RS-DG customers the choice between being on the RS-DG tariff or the RS tariff.

BACKGROUND:

15-WSEE-115-RTS (15-115)

The 15-115 rate case began the process of establishing a special rate design for Residential Standard Distributed Generation (RS-DG) customers by established RS-DG customers as a separate class, notifying them that they are a separate class that could have a special rate design, and requesting the opening of a general investigation into RS-DG rate design.

Residential Standard Distributed Generation (RS-DG) Tariff

Westar proposed two new rate designs for RS-DG customers.¹ Neither specific rate design was approved by the Commission. But the Commission did approve a new RS-DG Tariff for all Residential customers that install distributed generation after October 28, 2015. The RS-DG Tariff had the same rates as the Residential Standard (RS) Tariff, but in the future its rate design could change.

Westar Must Notify RS-DG Tariff Customers of Potential Rate Changes

The Commission requested Westar notify all customers on the RS-DG Tariff "that the rates and rate structure contained therein are subject to change, and that any such future rate or rate structure change could impact the economics of customer's distributed generation."²

Westar Did Notify RS-DG Customers of Potential Rate Changes

Westar responded to the Commission's request to notify RS-DG customers their rate design could change in the future by including a notification in their interconnection application, adding a paragraph explaining the potential rate design changes in the customer acknowledgment form for net metering; and informing installers of Solar panels in the Westar service territory of the potential change so they could inform customers.³

For example, Westar inserted the following paragraph in Westar's Customer Acknowledgement Form for net metering customers.

Residential Customer Additional Acknowledgment: I understand that the rates and rate structures contained in the Standard Residential Distributed Generation Tariff under which I will be taking service are subject to change. Changes to the rates and rate

¹ Dr. Ahmad Faruqui, Direct Testimony, Docket No. 15-WSEE-115-RTS, pp. 18-19.

² Order Approving Stipulation and Agreement, Docket No. 15-WSEE-115-RTS, ¶ 59.

³ Joint Application for Amendment of Grandfathering Dates in RS-DG Tariffs, Docket No. 19-WSEE-474-TAR, ¶ 3.

structure in the future will impact the economics of the payback of my decision to install distributed generation.⁴

General Investigation of Distributed Generation Rate Designs

The Commission approved a general investigation of rate design for distributed generation customers. The Commission wanted to identify and explore the potential complications created by distributed generation before approving rate designs specifically for distributed generation customers.⁵

16-GIME-403-GIE (DG Docket)

In response to the Commission's directive, Staff filed a request to open a general investigation of distributed general rate designs on March 11, 2016, and on July 12, 2016, the Commission issued an Order opening the general investigation.⁶ The DG Docket was covered in the media. As an indication of customers' awareness of the Docket, 466 comments were filed with the Commission including one comment with 1,040 signatures.

Parties to the Docket

The Commission required all Commission-regulated electric Investor Owned Utilities ("IOU") to intervene in the Docket. In addition, Cromwell Environmental, Inc.; The Alliance for Solar Choice, Brightergy, LLC.; Climate + Energy Project; and United Wind, Inc. intervened in the Docket.

Commission Findings

Among the Commission findings in the DG Docket were that:

1. Westar should keep its current RS-DG Tariff and after October 28, 2015, all new Residential distributed generation customers should be placed on the RS-DG tariff.⁷
2. RS-DG customers have different usage patterns than regular RS customers, and because of their different usage patterns, a current two-part rate design does not collect enough revenue from RS-DG customers. The current RS two-part rate design recovers a large portion of Westar's fixed cost in the energy charge. And because distributed generation causes RS-DG customers to use less energy, RS-DG customers do not cover the fixed cost they create. The result is that regular RS customers are subsidizing RS-DG customers.⁸
3. The Commission identified three appropriate rate designs for RS-DG customers:
 - a. A cost of service three-part rate design with a demand charge,

⁴ Westar's Customer Acknowledgement Form.

⁵ Order Approving Stipulation and Agreement, Docket No. 15-WSEE-115-RTS, ¶ 117.

⁶ "In the Matter of the General Investigation to Examine Issues Surrounding Rate Design for Distributed Generation Customers," Docket No. 16-GIME-403-GIE.

⁷ Final Order, Docket No. 16-GIME-403-RTS, ¶ 21.

⁸ Final Order, Docket No. 16-GIME-403-RTS, ¶ 22.

- b. A grid charge based on distributed generation output or nameplate capacity, and
- c. A cost of service tiered customer charge based on customer capacity requirements.

The Commission also stated the above list of appropriate RS-DG rate designs was not exclusive.

18-WSEE-328-RTS (18-328)

Commission Approves Three Part Rate for DG Customers

Although contentious, the Commission approved a new three-part rate design—service charge, demand charge, and energy charge—for RS-DG customers.⁹ The approved rates were approximately revenue neutral: the average total bill for the RS-DG rate design would be nearly the same as the average total bill for RS-DG customers on the RS rate design.¹⁰

The new RS-DG three-part rate applied to all Residential customers assigned to the RS-DG Tariff—all Residential net metering customers who took service after October 28, 2015.

Solar Advocates Oppose the Demand Charge for RS-DG Customers

Solar advocates launched a two-pronged attack on the new RS-DG rate design—they appealed the Commission Order 18-328 to the Kansas Court of Appeals and they proposed legislative action to “prevent demand charges” by Evergy and Empire District.¹¹

Sierra Club and Vote Solar Appeal the RS-DG Rate Design

On December 10, 2018, the Sierra Club and Vote Solar notified the Commission they had appealed the Commission’s 18-328 Order to the Court of Appeals. Sierra Club and Vote Solar lost at the Court of Appeals. They then appealed to the Kansas Supreme Court. As of the date of this Report and Recommendation, the Supreme Court has not acted.

Climate + Energy Spearheads Legislation Opposing Demand Charges

Solar advocates presented a two-part argument against RS-DG demand charges.

First, as in the appeal of the Commission Order 18-328, the Solar advocates asserted that the demand charge is an additional fee for RS-DG customers. They further assert, for RS-DG customers, managing demand is much more difficult than for commercial and industrial customers that can use technology to control demand. As a result, the demand charge has already increased RS-DG customer’s electric bills.¹²

⁹ Order Approving Non-Unanimous Stipulation and Agreement, Docket No. 18-WSEE-328-RTS, ¶ 51.

¹⁰ Rate design for RS-DG customers was made more difficult because of the dynamic nature of the class—the number of RS-DG customers increased from 65 to 227. The dynamic nature made accurately estimating average customer demand and energy use nearly impossible. As a result, the total bill for RS-DG customers is approximately the same for the new three-part rate design and the old two-part rate design. *Ibid.*, ¶ 45.

¹¹ The preamble to Senate Bill No. 124 states: “Whereas, The Energy Fairness Act will protect Kansans and their right to manage their energy usage in order to lower bills without penalty or discrimination by preventing demand charges for Westar/Kansas City Power & Light/Evergy or the Empire District’s residential customers.”

¹² Testimony presented to the Senate Utilities Committee, February 25, 2019. For example, the testimony presented by Rachel Krause and Chris Miller who have solar panels stated that demand was difficult to control and with the new

Second, the Solar advocates stated that the RS-DG demand charge will hurt the Residential Solar Industry. In particular, Zack Pistora, the Sierra Club lobbyist wrote, “After hearing testimony from the solar industry that Evergy’s new demand charge scheme had effectively thwarted nearly all 2019 installation prospects, Chairman Ty Masterson (R-Andover) asked the parties to work together to achieve a compromise.”¹³

Westar Proposes Delaying the Grandfathering Date as a Compromise

The compromise achieved by Climate + Energy Project and Westar was contained in the Application filed May 17, 2019, for Docket No. 19-WSEE-474-TAR.¹⁴ Westar agreed to delay the grandfathering date for RS-DG customers from October 28, 2015, to October 1, 2018. Those customers who became net metering customers between October 28, 2015, and October 1, 2018 would be switched prospectively to the RS tariff while those net metering customers who began service after October 1, 2018, would remain on the RS-DG tariff.

In the Application, Westar explains the compromise by noting that although net metering customers and distributed generation installers were notified that the RS-DG rate design could change, not all RS-DG customers remained aware of the possibility of a RS-DG rate design change. As a result, some RS-DG customers were surprised by the new rate design.

ANALYSIS:

Jurisdiction

The Commission derives its authority to review applications modifying tariffs from K.S.A. 66-117(d). K.S.A. 66-117(d) states, except as provided in subsection (c), no change shall be made in any rate, toll, charge, classification or schedule of charges or joint rates, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, without the consent of the Commission.

Evaluation Criteria

K.S.A. 66-101b requires every electric public utility to make just and reasonable rules, classifications, and regulations. “Just and reasonable” can be seen as a compromise or balance between the Commission, the Utility, customers, and the public generally. Commission Staff evaluates any proposed tariff revisions made by electric public utilities to determine the justness and reasonableness of the proposed change.

Staff’s Analysis

The Solar activists’ complaints about the new RS-DG three-part rate design raise three questions for Staff. (1) Were RS-DG customers hurt by the new rate design? (2) If RS-DG customers

rate design their electric bills were higher. Also, the testimony by Dorothy Barnett for Climate + Energy Project made the same basic points.

¹³ Zack Pistora, “The Kansas Solar Saga Continues,” May 29, 2019. <http://kansas.sierraclub.org/the-kansas-solar-saga-continues/>.

¹⁴ “In the Matter of the Joint Application of Westar Energy, Inc. and Kansas Gas and Electric Company for Amendment of the Grandfathering Dates in their RS-DG and RS Tariffs,” Docket No. 19-WSEE-474-TAR.

were better off with the new rate design, then why were there so many complaints? (3) Are there potential problems created by approving the grandfathering compromise?

- (1) The new rate design was calculated to be approximately revenue neutral and the RS-DG customer usage data provided by Westar show that on average the RS-DG customers were better off with the new rate design.
- (2) Staff believes that the answer is a combination of three factors: the new rate design has an extra charge, last winter was a cold winter, and RS-DG customers are worried about the jump in the demand charge during the summer.
- (3) The change in grandfathering will only be a change going forward—there will be no retroactive rate changes. Without any major change in revenue collection—the RS-DG and the RS rate designs are revenue neutral for RS-DG customers—there will no effect on Westar’s rate moratorium. Since on average RS-DG customers benefited being on the new rate design, Staff suggests that those RS-DG customers who wish to remain on the new rate design be afforded the opportunity to remain on the RS-DG tariff.

Staff’s answers to each of these three questions are further elaborated below.

The RS-DG New Rate Design’s Effect on Customer Bills

Solar advocates have argued that RS-DG customers have been hurt by the RS-DG three-part rate design. The advocates’ arguments are based on general assertions and not on customer usage data. However, Staff’s investigation shows that RS-DG customers have not been hurt because the RS-DG rate design was calculated to be about revenue neutral and RS-DG customer usage data shows, on average, RS-DG customers were better off with the new rate design.

The RS-DG Rate Design is Revenue Neutral

The RS-DG rates were calculated to be approximately revenue neutral. Revenue neutral in this case means that the average RS-DG customer’s bill would be the same if it were calculated using the RS-DG three-part rate or the RS two-part rate.¹⁵ Table 1 below contains the RS and RS-DG rate designs. Although the RS-DG rate design has the extra demand charge, it also has a substantially lower energy charge. It is the combination of demand charge and lower energy charge that causes the rate design to be revenue neutral for the average RS-DG customer.

¹⁵ The revenue neutrality of the RS-DG rates was disputed in the Appeal of the Final Order by the Sierra Club.

Table 1

New Residential Rates					
	Residential Service Rates				
	Regular Service		Distributed Generation		Percentage Difference
Service Charge	\$14.50		\$14.50		
Energy Charge					
Winter					
1st block - 900 kWh	\$0.076833		\$0.045840		-40.34%
2nd block - additional kWh	\$0.062804		\$0.045840		-27.01%
Summer					
1st block -900 kWh	\$0.076833		\$0.045840		-40.34%
2nd block - additional kWh	\$0.084752		\$0.045840		-45.91%
Demand Charge					
Winter			\$3.00		
Summer			\$9.00		

Customer Usage Data Shows the RS-DG Customers Are Better Off

Testing the revenue neutrality of the RS-DG rate design requires using the same RS-DG customer data to calculate the RS-DG customer’s bill with both the RS-DG rate design and the RS rate design. In other words, an accurate assessment requires comparing the two rate designs under nearly identical conditions. For example, comparing a January 2019 customer’s bill to a January 2018 bill would not provide a correct comparison because the two months had different weather.

Westar used RS-DG customer usage data for October 2018 through March 2019 to calculate the customer bills for both the RS-DG rates and the RS rates. During that six month period, RS-DG customers saved 2.72% by being on the RS-DG rate design rather than on the RS rate design. During the coldest part of the winter, December through February, the average RS-DG customers saved 5.06% because of the RS-DG rate design.

Table 2 below has the number of customers each who saved money by being on the RS-DG rate design, Column (1); the amount of savings by these customers, Column (2); the number of customers who would have saved money if they would have been on the RS rate design, Column (3); and the amount of savings these customers would have saved, Column (4). The table shows that only in the first two months would more customers have saved money if they had been on the RS rate design. At the bottom of the table the totals for all the months is provided. Again,

more customers saved by being on the RS-DG rate design (53.4%) than the number that would have saved if they would have been on the RS rate design (46.6%).

Table 2

First Six Months of Customer Usage Data for RS-DG Customers				
Winter of 2018 and 2019	Better Off with RS-DG Rate Design		Better Off with RS Rate Design	
	Number of Customers	Amount Saved	Number of Customers	Amount Saved
	(1)	(2)	(3)	(4)
October	70	\$409	295	\$1,964
November	118	\$1,162	232	\$1,813
December	222	\$2,735	128	\$813
January	237	\$3,185	111	\$616
February	239	\$3,174	106	\$601
March	179	\$2,311	166	\$1,178
All Months	188	\$10,912	164	\$4,927
NOTE: Data provided by Westar.				

Staff has two further observations after reviewing the customer usage data. First, the data suggests that some RS-DG customers learned over the winter how to control their demand. As the weather got colder and the RS-DG customers’ electric usage increased, however, their demand did not increase at near the rate as their electric usage.

Second, the data suggests that the RS-DG rate design tends to moderate customer bills. Staff expects that when winter is colder than normal or summer is hotter than normal, the RS-DG rate design will moderately reduce customer bills compared to the RS rate design. But during mild winters or mild summers, Staff expects the RS-DG customer bills will be higher than if the same customers were on the RS rate.

The intuition for Staff’s belief is because of the low energy rate for RS-DG customers. Last winter was colder than usual, and as a result, electric space heating customers used more electric energy than normal, but their demand did not increase proportionally. As a consequence, the lower energy charge than RS-DG customers have allowed them to pay less of the extra energy than RS customers. And by keeping their demand lower, their bills were lower on the RS-DG rate design than on the RS rate design.

Staff notes that these observations are based on only a few months’ data, but Staff does think that these observed phenomena will probably continue. Besides, whether these observations are

correct or not does not detract from the evidence that the RS-DG customers on average were better off on the RS-DG rate design last winter.

The RS-DG Customers' Complaint about the RS-DG Rate Design

Why did RS-DG customers object to the demand charge if the RS-DG rate design saved the average RS-DG customer money during the winter? As discussed below, Staff has three explanations: the demand charge was an extra charge; the past winter was cold; and customers were worried about the summer demand charge increase from \$3.00 to \$9.00.

A Demand Charge is an Extra Charge on the Bill

Some RS-DG customers have stated that the addition of the demand charge is unfair. These customers either did not know or forgot that the rate design was calculated to be revenue neutral. When these customers received higher winter bills, they associated the bills with the new demand charge rather than the cold winter.

The Winter of 2018-19 Was Colder than the Previous Winters

The winter of 2018-19 was substantially colder than the winter of 2017-2018. For Wichita, the winter of 2018-2019 was 13.5% colder than the winter of 2017-2018 and 8.6% colder than the 30-year average winter. For Topeka, the winter of 2018-19 was 11.3% colder than the winter of 2017-2018 and 10.8% colder than the 30-year average winter.¹⁶ In general, the colder the winter, the greater the demand for heating, which translates into increased electricity usage if the RS-DG customers have electric space heating. And increased electricity usage automatically translates into higher electric bills no matter what the rate design is.

The two winters prior to 2017-2018 were even warmer than the 2017-2018 winter. For Wichita, the 2018-2019 winter was 33.7% colder than the average of the 2015-2016 and 2016-2017 winters. For Topeka, the 2018-2019 winter was 32.6% colder than the average of the 2015-2016 and 2016-2017 winters. Comparing winter electric bills for the past three winters with last winter will lead to an inaccurate conclusion. For more data comparing the past winter with the three previous winters, see the Appendix at the end of this Report and Recommendation.

RS-DG Customers Are Worried about the Higher Summer Demand Charge

The \$3.00 October through May demand charge becomes a \$9.00 demand charge for June through September. The summer demand charge concerned several customers who testified

¹⁶ The weather measurements are made using Heating Degree Days (“HDDs”): the standard for measuring the effect of winter weather on customer heating demand. An appendix is attached which shows the October through March HDDs by month for Wichita and Topeka for the years 2015 through 2019. HDDs are a weather variables that measures the relative coldness of a particular day, or put differently, HDDs indicate customer demand for heating. HDDs are calculated by averaging the daily high and low temperatures and subtracting the result from an established base temperature—Staff uses 65 degrees. The formula for HDDs is:

$$HDDs = \left(65 - \frac{Max + Min}{2}\right) \text{ if } \frac{Max + Min}{2} < 65, \text{ otherwise } HDDs = 0$$

before the Senate Utilities Committee for SB 124.¹⁷ But, the summer energy charge for RS customers increases for usage above 900 kWh from 7.6833 cents to 8.4752 cents, while the RS-DG customers' energy charge remains 4.584 cents for all kWh used.

Potential Problems with Delaying the Grandfathering Date

Staff has identified three potential issues with delaying the grandfathering date for the RS-DG customers: (1) If the grandfathering is delayed, whether Westar can try to collect the additional revenue they would have collected if the RS-DG customers had been on the RS rate; (2) Whether delaying the grandfathering date violates Westar's rate moratorium; and (3) If the RS-DG customers prefer the three-part rate whether they can remain on it.

Recovery of Lost Revenue

First, Westar in particular and Evergy in general have indicated no interest in recovering any revenue that would have been generated by RS-DG customers if they would have been on the RS rate. Symmetrically, there would be no reimbursement for the RS-DG customers whose bills were higher because they were on the RS-DG rate.

Second, according to filed rate doctrine, retroactive rate making is prohibited.¹⁸ Moving the grandfathering date forward can only change the RS-DG customer rates prospectively, the rates cannot change retrospectively. Since Westar was charging Commission approved rates after September 27, 2015, these rates cannot be changed retroactively without violating filed rate doctrine. If granted, the change in the grandfathering date would only have a prospective effect.

Westar's Rate Moratorium

Changing the date of the RS-DG grandfathering does not materially affect Westar's revenue collection since the RS-DG rate design was calculated to be revenue neutral. But, if Westar was forced to change the rates for RS-DG customers in a manner that materially reduced Westar's revenue collection, then whether the rate moratorium was violated or not would be a legal issue that would need to be addressed.

RS-DG Customers May Prefer to Remain on the Three-Part Rate Design

By moving the grandfathering date from October 28, 2015, to October 1, 2018, Westar will be moving the grandfathered customers from the RS-DG rate design back to the RS rate design.

¹⁷ For example, Rachel Krause and Chris Miller both testified that they were concerned with the increased summer demand charge. Also, Dorothy Barnett for Climate + Energy Project made the same point. Testimony presented to the Senate Utilities Committee, February 25, 2019.

¹⁸ "If a statute requires that the regulated company file a tariff of rates with the appropriate regulatory agency, no deviations are permitted from those tariffs without a further filing with the agency, and then only prospectively; the tariff rates are the rates that are legally binding on both the company and the ratepayer.

The attempt to recover past costs, or otherwise attempt retroactively to charge something other than the tariff rate that was in effect for the past period, is a violation of the Filed Rate Doctrine. A federal appeals court defined the doctrine broadly to mean that 'once a rate is in place with ostensibly full legal effect and is not made provisional, it can then be change only prospectively.'" Leonard Saul Goodman, *The Process of Ratemaking*, pp. 169-170. Internal cites omitted. (Public Utility Reports, Inc. 1998).

Since on average RS-DG customers saved money by being on the RS-DG rate design, it is likely some customers would prefer to remain on the RS-DG rate design.

Staff suggests that Westar send all RS-DG customers eligible to be grandfathered a statement containing the calculation of their electric bills using both the RS-DG and RS rate designs for the period October 1, 2018, to the most recent month's billing data available. For those customers who want to remain on the RS-DG rate design, Staff further suggests that Westar allow them the option to remain on the RS-DG rate design. Finally, given the concern about what the RS-DG customer bills will be like during the summer with the increased demand charge, Staff suggests that Westar provide a window until October 1, 2019, during which RS-DG customers can change one-time the rate design they wish to be on.

CONCLUSION AND RECOMMENDATION:

Conclusion

The history of the demand charge for distributed generation customers shows that there was fair notice. The three major dockets that were involved in the Commission's RS-DG rate design decision process—15-115, the DG Docket, and 18-328—were all covered by different media with numerous public comments filed with the Commission. In addition, Westar made sufficient effort to inform its net metering customers about the possibility of changing the RS-DG rate design. Nonetheless, Staff is aware that some ratepayers do not pay close attention to information provided by utilities or do not absorb the information. To make matters worse, rate design issues tend to be difficult, complex issues that are easily confused.

As a result, Staff agrees with Westar that the amount of time between October 28, 2015, and September 27, 2018, was long enough that the ramifications of a new rate design could be muddled or forgotten. Although, on average, RS-DG customers actually benefited from the three-part rate design this past winter, it is true that some customers were hurt by the switch to the new rate design. In addition, because of the colder winter, it is easy to understand how RS-DG customers could blame their higher bills on the new rate design rather than on the colder than normal winter.

Recommendation

Staff recommends that Westar's proposal to move the grandfathering date for the RS-DG tariff from October 28, 2015, to October 1, 2018, be accepted because it is an appropriate way for addressing the RS-DG customer concerns that they were not properly noticed.

Since many RS-DG customers benefited from the RS-DG rate design this past winter, Staff also recommends that Westar calculate the electric bills for all the RS-DG customers eligible to be grandfathered by using both the RS-DG and the RS rate designs for the period October 1, 2018 to the most recent month's bill data available and send the results to the eligible RS-DG customers so they can compare the effect of the different rate designs on their electric bill. In addition, Staff recommends that Westar include with the bill calculations educational

information for RS-DG customers that provides advice on how customers can control their demand.

Coupled with informing the RS-DG customers of the effect of the two different rate designs, Staff also recommends that Westar allow any RS-DG customers who want to remain on the RS-DG rate design be afforded the option. Finally, given the concern about what the RS-DG customer bills will be like during the summer with the increased demand charge, Staff recommends that Westar provide a window until October 1, 2019, during which RS-DG customers can change one-time the rate design they wish to be on.

APPENDIX

Table A-1

Wichita Monthly Heating Degree Days					
Months (1)	2017-18 HDDs (2)	2018-19 HDDs (3)	2018-19 minus 2017-18 (4)	30-year Normals (5)	2018-19 minus Normals (6)
October	221.5	276.5	55.0	243.0	33.5
November	514.5	729.0	214.5	590.0	139.0
December	877.0	866.5	(10.5)	967.0	(100.5)
January	959.5	979.5	20.0	1,017.0	(37.5)
February	814.5	892.0	77.5	780.0	112.0
March	490.5	656.5	166.0	577.0	79.5
Totals	3,877.5	4,400.0	522.5	4,174.0	226.0

Table A-2

Topeka Monthly Heating Degree Days					
Months (1)	2017-18 HDDs (2)	2018-19 HDDs (3)	2018-19 minus 2017-18 (4)	30-year Normals (5)	2018-19 minus Normals (6)
October	246.5	331.0	84.5	289.0	42.0
November	577.0	831.0	254.0	638.0	193.0
December	997.0	904.5	(92.5)	1,023.0	(118.5)
January	1,104.5	1,098.0	(6.5)	1,093.0	5.0
February	893.5	1,015.0	121.5	857.0	158.0
March	597.5	736.0	138.5	628.0	108.0
Totals	4,416.0	4,915.5	499.5	4,528.0	387.5

Table A-3

Wichita Monthly Heating Degree Days					
Months (1)	2015-16 HDDs (2)	2016-17 HDDs (3)	2017-18 HDDs (2)	2018-19 HDDs (3)	30-year Normals (5)
October	128.0	81.0	221.5	276.5	224.3
November	452.0	371.0	514.5	729.0	567.4
December	740.5	994.5	877.0	866.5	936.5
January	959.5	880.0	959.5	979.5	986.3
February	607.5	539.0	814.5	892.0	780.5
March	395.5	435.5	490.5	656.5	557.4
Totals	3,283.0	3,301.0	3,877.5	4,400.0	4,052.4

Table A-4

Topeka Monthly Heating Degree Days					
Months (1)	2015-16 HDDs (2)	2016-17 HDDs (3)	2017-18 HDDs (2)	2018-19 HDDs (3)	30-year Normals (5)
October	238.5	142.0	246.5	331.0	277.7
November	495.0	425.5	577.0	831.0	621.0
December	777.5	1,067.5	997.0	904.5	993.3
January	1,057.0	981.0	1,104.5	1,098.0	1,071.5
February	703.5	582.0	893.5	1,015.0	859.8
March	436.0	506.0	597.5	736.0	613.5
Totals	3,707.5	3,704.0	4,416.0	4,915.5	4,436.8

CERTIFICATE OF SERVICE

19-WSEE-474-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing Staff's Report and Recommendation was served via electronic service this 17th day of June, 2019, to the following:

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