

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION]
OF KANSAS GAS SERVICE, A DIVISION]
OF ONE GAS, INC. FOR ADJUSTMENT] KCC DOCKET NO. 24-KGSG-610-RTS
OF ITS NATURAL GAS RATES IN THE]
STATE OF KANSAS]

DIRECT TESTIMONY OF
JOSH FRANTZ
ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD

JULY 1, 2024

1 **I. Statement of Qualifications**

2 **Q. Please state your name, employer, and business address.**

3 A. My name is Joshua (Josh) P. Frantz. I am employed by the Citizens' Utility Ratepayer
4 Board (CURB) as a Senior Regulatory Analyst. My business address is 1500 SW
5 Arrowhead Road, Topeka, Kansas 66604.

6
7 **Q. Please describe your educational background and qualifications.**

8 A. I earned a Master of Business Administration degree from Washburn University of Topeka,
9 Kansas. I also earned a Bachelor of Business Administration degree from Washburn
10 University. My undergraduate majors were finance, marketing, and management.

11
12 **Q. Please describe your professional background and qualifications.**

13 A. From August 2015 through April 2019, I was employed by the Kansas Corporation
14 Commission (KCC or "Commission"). I began my employment with the KCC in the
15 Utilities division as a Senior Research Economist and was promoted to Managing Rate
16 Analyst.

17 Since April 2019, I have served in my current position as Senior Regulatory Analyst
18 with CURB.

19
20 **Q. Have you previously testified before the Commission?**

21 A. Yes. Over the course of my employment with CURB, I have offered written and live

1 testimony in several proceedings before the Commission. During my prior employment as
2 a member of KCC Staff, I also offered testimony in proceedings before the Commission
3 and submitted Report and Recommendations for the Commission's consideration. A list of
4 those filings is available, upon request.

5
6 **II. Summary of Testimony**

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to provide CURB's position regarding Kansas Gas
9 Service's (KGS) request to charge \$15.00 for disconnection/collection (currently \$5.00)
10 and \$20.00 for reconnection (currently \$0.00).¹

11
12 **III. Background**

13 **Q. What are the amounts of the KGS's current charges for disconnection/collection and
14 reconnection?**

15 A. KGS's *Statement of Miscellaneous Charges and Amounts* tariff ("Schedule GTC12")
16 currently states that the "Collection or Disconnection Charge" is \$15.00 and the
17 "Reconnection Charge" is \$20.00. However, KGS's *Knock and Collect Waiver of On-*
18 *Premise Collection Pilot* tariff ("Schedule KCW-PILOT") currently states, "The
19 disconnection fee shall be \$5.00 and the reconnection fee shall be \$0." It is CURB's
20 understanding that the Company utilizes the charges stated in Schedule KCW-PILOT.

¹ See Direct Testimony of Lorna M. Eaton, pg. 18 (Mar. 1, 2024).

1 **Q. How were the charges in Schedule KCW-PILOT established?**

2 A. KGS's charges for disconnection/collection (\$5.00) and reconnection (\$0.00) in Schedule
3 KCW-PILOT were established as part of the Knock and Collect Waiver Pilot Program
4 ("Pilot Program") in KCC Docket No. 15-GIMX-344-GIV ("Docket 15-344").
5

6 **Q. Please describe the Pilot Program.**

7 A. "Knock and collect" refers to a provision of the KCC's Electric and Natural Gas Utility
8 Billing Standards ("Billing Standards") which requires a utility to attempt to offer its
9 customers an opportunity to make payment at the door before disconnecting service. In
10 Docket 15-344, the Commission examined the appropriateness of eliminating the "knock
11 and collect" requirement. The driving force to initiate the investigation was the
12 proliferation of advanced digital meters which enable electric utilities to perform remote
13 disconnection (i.e., disconnection of electric utility service without a utility employee on-
14 premises).

15 On August 17, 2017, in Docket 15-344, the Pilot Program was established. Under
16 the Pilot Program, participating utilities are granted a waiver from the "knock and collect"
17 provision of the Billing Standards and allowed to replace live on-premises contact with
18 additional contact attempts through other means (e.g., phone, e-mail). The initial
19 participants were electric utilities. On July 14, 2020, KGS's request to be added to the Pilot
20 Program was approved.

1 **Q. How does participation in the Pilot Program affect disconnection/collection and**
2 **reconnection fees?**

3 A. Participants in the Pilot Program have agreed to reduce their disconnection/collection
4 charge to \$5.00 and not charge for reconnection. It is my understanding that the reduction
5 to disconnection/collection and reconnection charges initially corresponded to cost savings
6 that can be achieved through remote disconnection and reconnection of electric service, as
7 opposed to in-person collection attempts, disconnections, and reconnections performed on-
8 premises.

9 Although electric utilities are able to use advanced digital meters to disconnect and
10 reconnect service remotely, natural gas utilities are unable to disconnect and reconnect
11 service remotely. The primary rationale for natural gas utilities' participation in the Pilot
12 Program is based upon safety considerations for employees who were required to perform
13 collection attempts on-premises. Under the Pilot Program, KGS still sends utility personnel
14 to the premises to perform disconnections and reconnections, but utility personnel no
15 longer attempt to engage the customer for collection prior to disconnection.

16

17 **Q. Is KGS still a participant in the Pilot Program?**

18 A. Yes, KGS is still a participant in the Pilot Program. However, on December 15, 2023, in
19 KCC Docket No. 24-GIMG-453-GIG ("Docket 24-453"), Atmos Energy and KGS (jointly,
20 the "Gas Utilities") filed for a permanent waiver to the Billing Standards to allow for
21 discontinuance of the "knock and collect" protocols beyond the term of the Pilot Program.

1 CURB has been granted intervention in Docket 24-453, but neither KCC Staff nor any
2 intervening party has yet filed comments or testimony in that Docket. There is no
3 procedural schedule established in Docket 24-453. It is currently an open docket with no
4 Commission ruling.

5 It is important to note that the Gas Utilities' request in Docket 24-453 does not
6 address the associated charges for disconnection/collection and reconnection nor the
7 sections of the Billing Standards governing those charges. Yet, in the present docket, KGS
8 has proposed to change provisions of Schedule KDW-PILOT regarding those charges.

9
10 **Q. Regarding disconnection/collection and reconnection fees, what is KGS's proposal in**
11 **this Docket?**

12 **A.** KGS is requesting to revert its disconnection/collection and reconnection charges to the
13 amounts from June 2020, prior to KGS's participation in the Pilot Program. KGS proposes
14 to change the language of Section 13.05 in Schedule KCW-PILOT to state "The
15 disconnection fee and reconnection fee shall be as specified in Schedule 12.05 and 12.06
16 respectively," referring to the charges in Schedule GTC12.

17 In effect, KGS is requesting to increase its disconnection/collection charge by
18 \$10.00 (from \$5.00 to \$15.00) and increase its reconnection charge by \$20.00 (from \$0.00
19 to \$20.00).

1 **IV. Evaluation**

2 **Q. Should the Gas Utilities have addressed their respective charges for**
3 **disconnection/collection and reconnection in Docket 24-453?**

4 A. Yes. I believe Docket 24-453 would have been a more appropriate forum to broach this
5 issue. Intervening parties in Docket 24-453 can certainly raise this issue in that docket—
6 CURB intends to—but there is no procedural schedule or designated date for intervenor
7 commentary established in Docket 24-453 at this time. Collection practices, including
8 disconnection/reconnection charges for essential natural gas utility services, significantly
9 affect the long-standing Billing Standards. This is deserving of the development of a full
10 evidentiary record, including input from all parties in Docket 24-453. That is not present
11 here.

12 It is my opinion that KGS has prematurely proposed adjustments to its
13 disconnection/collection and reconnection charges in the present docket prior to a
14 Commission ruling in Docket 24-453.

15
16 **Q. Notwithstanding your opinion that KGS has prematurely proposed adjustments to**
17 **those fees in this docket, would KGS's proposed increases to its charges for**
18 **disconnection/collection and reconnection negatively impact low-income customers,**
19 **in particular?**

1 A. Yes, I believe so. Natural gas service is an essential public service. In those regards, I
2 believe that any customer whose situation has escalated to the disconnection phase is truly
3 in dire straits, financially.

4 Disconnection/collection and reconnection charges are not the first punitive
5 provision of the Billing Standards affecting customers who struggle to pay their utility bills.
6 Before an occurrence of non-payment escalates to disconnection, a late payment charge is
7 assessed. According to Section II(B) of the Billing Standards, “When a bill becomes
8 delinquent, a late payment charge in an amount equal to two percent (2%) of the delinquent
9 amount owed for current utility service will be added to the customer's bill, and any
10 collection efforts by the utility shall be initiated.”

11 Furthermore, KGS’s disconnection and reconnection charges are specifically
12 targeted toward customers who cannot afford their utility bill. The disconnection charge is
13 only applicable for disconnections related to non-payment² and the reconnection charge is
14 only applicable for reconnections related to non-payment.³

15 Late payment fees and charges for disconnection and reconnection affecting those
16 customers who already cannot afford their energy bills are “poverty traps”⁴ which
17 perpetuate the cycle of poverty.

² See KGS response to CURB data request CURB-076.

³ See KGS response to CURB data request CURB-079.

⁴ “A poverty trap is a mechanism that makes it very difficult for people to escape poverty. A poverty trap is created when an economic system requires a significant amount of capital to escape poverty. When individuals lack this capital, they may also find it difficult to acquire it, creating a self-reinforcing cycle of poverty.”

<https://www.investopedia.com/terms/p/poverty-trap.asp> (Obtained Jun 25, 2024).

1 Increasing the charge for disconnection would only worsen the debt for customers
2 who already could not afford their arrearages. For example, if a customer is unable to afford
3 \$630 in accumulated arrearages,⁵ they are also unable to afford \$645 after the
4 disconnection charge is added. As the proverb goes, “It is impossible to get blood from a
5 stone,” an analogy for something that is unobtainable, regardless of how much force or
6 persuasion is used. Consider, too, the \$15 disconnection charge becomes amplified because
7 of the often-exorbitant average interest rate (another poverty trap) ballooning the debt of
8 those in financial crisis. Similarly, charges for reconnection are another poverty trap,
9 impeding restoration of essential natural gas service.

10
11 **Q. Do you believe disconnection/collection and reconnection charges are necessary to**
12 **disincentivize undesirable behavior (i.e., non-payment)?**

13 A. No, I do not. I believe late payment charges sufficiently disincentivize non-payment for
14 those customers who are actually able to pay. Disconnection of service is the utility’s last
15 resort against spiraling arrearages; at that stage, I do not believe additional penalization is
16 effective at behavioral modification. Similarly, I do not believe charges for reconnection
17 are an effective tool for behavioral modification.

18 As mentioned, natural gas service is an essential service. Customers who lose
19 access to natural gas service may lose access to warm water for bathing, their oven/stove
20 for meal preparation, and their home heating system. These are dire consequences.

⁵ Approximate 5-year (2019–2023) average of arrearage balance for residential customers who were disconnected for non-payment, derived from KGS response to CURB data request CURB-084.

1 Furthermore, these customers are also likely struggling to maintain access to other essential
2 services such as electricity, water, and medical care. Moreover, there could be system-wide
3 benefits that derive from maintaining less onerous disconnection/reconnection charges,
4 which could be a subject of inquiry in Docket 24-453.

5
6 **Q. Does KGS contend that its disconnection/collection fees and reconnection fees are**
7 **designed to disincentivize undesirable behavior?**

8 A. No. In response to CURB-085, the Company stated, “KGS's position is avoiding service
9 interruptions (i.e., avoiding disconnection of gas service) is the incentive for customers to
10 pay their bills.”⁶ The Company and I are in agreement in this regard.

11
12 **V. Recommendation**

13 **Q. What are your recommendations?**

14 A. I recommend the Commission reject KGS’s proposal to “revert” (i.e., increase) its
15 disconnection/collection charge to \$15.00 (from \$5.00) and reconnection charge to \$20.00
16 (from \$0.00).

17 My primary recommendation to the Commission is to defer its decision regarding
18 disconnection/collection and reconnection charges to Docket 24-453.

19 Alternatively, in order to directly address KGS’s revenue proposal in the present
20 docket, I recommend KGS’s disconnection/collection charge and reconnection charge each

⁶ KGS response to CURB data request CURB-085.

1 be \$5.00 in Schedule GTC12, with tie-in references added to Schedule KCW-PILOT to
2 reflect those charges. However, this is my secondary recommendation, and CURB reserves
3 the right to alter or adjust its position on this issue in the present docket based upon
4 developments in Docket 24-453 (or vice versa).

5
6 **Q. What is the rationale for your recommendation to reject KGS's proposal?**

7 A. The fees for disconnection/collection and reconnection are intrinsically linked to KGS's
8 request in Docket 24-453. I believe that docket is the more appropriate forum to address
9 this issue. KGS is prematurely requesting to change Schedule KCW-PILOT in the present
10 rate case while Docket 24-453 is unresolved.

11 Regardless of which docket is the more relevant forum, I recommend the
12 Commission reject KGS's proposal because I believe the magnitude of KGS's proposed
13 increases to the charges for disconnection/collection and reconnection would be
14 detrimental to low-income customers, further perpetuating the cycle of poverty.

15 I also believe disconnection charges, in particular, defy common sense. If a
16 customer cannot afford their utility bill to the extent they are facing imminent
17 disconnection, the natural implication is that the customer also cannot afford additional
18 penalties.

1 **Q. Has KGS indicated interest in assisting customers who struggle to pay their utility**
2 **bills?**

3 A. Yes. In her Direct Testimony, KGS witness Janet Buchanan indicates the Company is
4 willing “to explore potential solutions for addressing energy burden and the difficulty some
5 customers face in paying their utility bills.” She states, “KGS will continue to work with
6 other stakeholders to explore additional means of assisting customers with their energy
7 bills.” On behalf of low-income customers, I encourage KGS to earnestly consider CURB’s
8 concerns regarding disconnection/collection and reconnection charges.

9
10 **Q. What is the rationale for your proposed disconnection/collection and reconnection**
11 **charges?**

12 A. My preference would be to address and resolve the issue of disconnection/collection and
13 reconnection charges in Docket 24-453 and, in the meantime, for KGS to continue charging
14 \$5.00 for disconnection/collection and \$0.00 for reconnection.

15 However, to directly address KGS’s revenue proposal in the present case, my
16 alternative recommendation is KGS’s disconnection/collection charge be \$5.00, and its
17 reconnection charge be \$5.00.

18 By setting KGS’s charges for disconnection/collection and reconnection to \$5.00
19 each, I believe the conditions of the Billing Standards are satisfied to the extent that no
20 waiver from Section II(F)⁷ would be necessary.

⁷ This provision requires utilities to charge for on-premises collection, disconnection for non-payment, and reconnection for non-payment.

1 **Q. What is the revenue impact of your recommendation?**

2 A. The adjustment associated with my recommendation to set both the
3 disconnection/collection charge and reconnection charges to \$5.00 would reduce pro forma
4 revenue by \$540,575. CURB witness Andrea Crane has included this impact in her revenue
5 requirement recommendation.

6

7 **VI. Conclusion**

8 **Q. Please summarize your comments.**

9 A. I recommend the Commission reject KGS's proposal to increase its
10 disconnection/collection charge to \$15.00 (currently \$5.00) and increase its reconnection
11 charge to \$20.00 (currently \$0.00). Common sense implies that a customer who cannot
12 afford their bill for essential utility services, to the extent they are facing disconnection,
13 also cannot afford additional penalties for non-payment. Increasing these charges to the
14 magnitude KGS has proposed would perpetuate the cycle of poverty that low-income
15 customers experience.

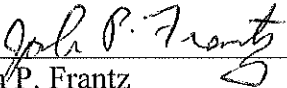
16 I believe that Docket 24-453 is the more appropriate forum to address this issue,
17 and so my preference would be to resolve this issue in that docket. Alternatively, in order
18 to directly address KGS's revenue proposal, I recommend KGS's disconnection/collection
19 and reconnection charges in Schedule GTC12 be \$5.00, with tie-in references to those
20 charges added to Schedule KCW-PILOT.

- 1 **Q. Does this conclude your testimony?**
- 2 **A. Yes, thank you.**

VERIFICATION

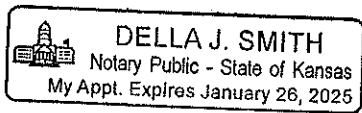
STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

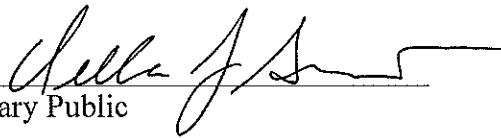
I, Josh P. Frantz, of lawful age and being first duly sworn upon my oath, state that I am a Senior Regulatory Analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



Josh P. Frantz

SUBSCRIBED AND SWORN to before me this 1st day of July, 2024.





Notary Public

My Commission expires: 01-26-2025.

REFERENCED DATA REQUESTS

CURB-076

CURB-079

CURB-084

CURB-085

Kansas Gas Service, a Division of ONE Gas, Inc.
Docket Number 24-KGSG-610-RTS
Information Request

Data Request: 24-610 CURB-076
Issuer Organization: CURB
Request Date: 05-07-2024
Date Information Needed: 05-21-2024
Requested By: Joseph Astrab

Page 1 of 1

RE: Disconnection Charge

Please provide the following: Is the Company's proposed disconnection charge of \$15.00 applicable to customers that disconnect their service due to moves or other non-payment related issues?

KGS Response:

Per the tariff provision in Section 5.08, the Collection or Disconnection charge as specified in Section 12.05 is collected when the Company is required to make a service call for the disconnection of service because of non-payment. The Knock and Collect Waiver Pilot, Index 13, reduced the disconnection fee to \$5. KGS is requesting to reinstate the disconnection charge to the full tariff amount stated in Section 12.05 for disconnections related to non-payment.

Prepared by: Lorna Eaton

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Date: 05/21/2024

Kansas Gas Service, a Division of ONE Gas, Inc.
Docket Number 24-KGSG-610-RTS
Information Request

Data Request: 24-610 CURB-079
Issuer Organization: CURB
Request Date: 05-07-2024
Date Information Needed: 05-21-2024
Requested By: Joseph Astrab

Page 1 of 1

RE: Reconnection Charge

Please provide the following: Is the Company's proposed reconnection charge of \$20 applicable to customers that connect service due to moves or relocations?

KGS Response:

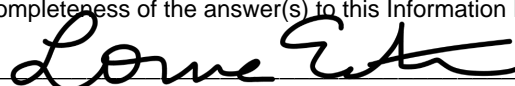
No. In Docket No.15-GIMX-344-GIV ("15-344 Docket") KGS agreed to suspend the collection of reconnection fees to participate in the pilot program which waived the knock and collect requirement. The three-year pilot program was authorized in the 15-344 Docket. KGS's proposal in this docket is to reestablish the reconnection fees when KGS reconnects a customer that was disconnected for non-pay.

Prepared by: Lorna Eaton

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____



Date: 05/21/2024

Kansas Gas Service, a Division of ONE Gas, Inc.
Docket Number 24-KGSG-610-RTS
Information Request

Data Request: 24-610 CURB-084
Issuer Organization: CURB
Request Date: 05-07-2024
Date Information Needed: 05-21-2024
Requested By: Joesph Astrab

Page 1 of 1

RE: Delinquent Balances

Please provide the following: Please provide, for each of the past five years, the average outstanding delinquent balance for residential customers that were disconnected for non-payment.

KGS Response:

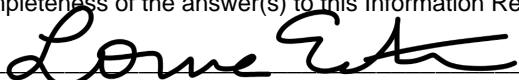
The table below provides the average delinquent balance for residential customers that were disconnected for non-payment.

Year	Average Balance
2023	\$671.59
2022	\$625.48
2021	\$636.82
2020	\$633.25
2019	\$579.58

Prepared by: David Graham

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: 

Date: 05/21/2024

Kansas Gas Service, a Division of ONE Gas, Inc.
Docket Number 24-KGSG-610-RTS
Information Request

Data Request: 24-610 CURB-085
Issuer Organization: CURB
Request Date: 05-07-2024
Date Information Needed: 05-21-2024
Requested By: Joseph Astrab

Page 1 of 1

RE: Proposed Incentive

Please provide the following: Is it the Company's position that the proposed disconnection and reconnection fees will provide an incentive for customers to pay their bills? If so, please provide all analysis, reports and studies addressing the extent to which disconnection and reconnection fees provide such incentives.

KGS Response:

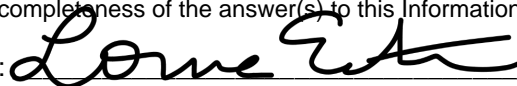
No, KGS's position is avoiding service interruptions (i.e., avoiding disconnection of gas service) is the incentive for customers to pay their bills.

Prepared by: Lorna Eaton

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____



Date: 05/21/2024

CERTIFICATE OF SERVICE

24-KGSG-610-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 1st day of July, 2024, to the following:

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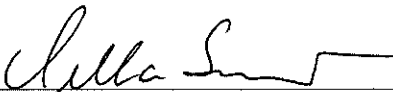
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