

Approved

Stephen R. Cloud
Date 2-28-84

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at
Chairperson

9:06 a.m./p.m. on February 23, 1984 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Carolyn Rampey - Legislative Research Department
Avis Swartzman - Revisor
Jackie Brey Meyer - Committee Secretary

Conferees appearing before the committee:

Rep. Grotewiel - bill co-sponsor
Ed Peterson - Kansas Corporation Commission
Kathleen O'Reilly - Executive Director, Wisconsin Utility Board
Mike Gardner - Electric Companies Association of Kansas
Lee Rowe - Chairperson, Advisory Commission on Aging
David Shulman - "Crosslines" group, Kansas City, KS
Jolene Grabill - Wichita

The meeting of the House Governmental Organization Committee was called to order at 9:06 a.m. by Rep. Stephen R. Cloud, Chairman. The minutes of the February 14, 16 and 21 meetings were distributed. Action on these minutes will be taken at a later date. The Chairman stated that, as the House would be going into session at 10:00 a.m., conferees from out of town, both proponents and opponents, would be heard first on HB 2912.

HB 2912 - Citizen utility board; established

Rep. Grotewiel, bill co-sponsor, distributed copies of his testimony (Attachment I) and showed the Committee a chart labeled Electrical Retail Rates. This chart graphed the residential, commercial and industrial rates. He stated that larger businesses have the resources to present their positions to the KCC. A Citizen Utility Board would present the same opportunity to residential customers. Rep. Grotewiel gave each Committee member a copy of his proposed amendment that includes the small business consumer. (Attachment II)

The Chairman called on Ed Peterson, Kansas Corporation Commission, to speak next. Mr. Peterson distributed copies of his testimony entitled, Comments For Legislature Regarding Consumer Participation Legislation. Although the KCC takes a neutral position on the bill, it does support some form of increased intervenor participation in proceedings before the Commission. The Commission represents the public only in a very general way. The role is less clearly designed where the Commission must decide how much the customer classes must pay. Since the CUB is funded solely through consumer contributions, there would be no direct fiscal outlay by the state or utilities (Attachment III)

Kathleen O'Reilly, Executive Director, Wisconsin Citizen Utility Board, told of the establishment of the Board, its achievements and accomplishments. To date, it has saved the state \$300,000,000. There are thirty plus legislatures around the country working on this type of legislation. The theory is that the KCC functions like a court in a quasi-judicial manner. When citizens pool their resources such as those in a CUB do, they can help the Commission in decision making. Attorneys are working day by day to assist with facts and figures and legal principles. The Wisconsin board consists of a demographic profile of the state. The CUB has legal access to the utility envelope and pays for the printing and the salary of the employee who inserts the contents. The CUB focuses on only one agenda and that is the utility issue. Anything of a political nature is strictly prohibited. The CUB position is that issues are taken that go into the rate-making process.

On being asked what the dues are, Ms. O'Reilly replied \$3.00 minimum to \$100 maximum.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:06 a.m./p.m. on February 23, 1984

Concern was voiced over what could be inserted in the mailings. Examples were given. Ms. O'Reilly replied that to disagree on a position was not political; the CUB sticks to facts. A prudent CUB will educate people in all phases of an issue. Utilities are monopolies. The consumer cannot take his business elsewhere. The CUB makes sure that there is a voice in the system that will be heard. Electricity, gas, telephone and water are necessities of life. The fixed-income people, as well as the small businessman, know that the presence of a CUB gives them faith in the system.

Mike Gardner, Electric Companies Association of Kansas, spoke in opposition to HB 2912. (Attachment IV). He said that the citizens of Missouri rejected the CUB as not being worthwhile or beneficial. The Wisconsin CUB has moved from consumer representation toward an active political force. The issue is should the state establish another entity that will duplicate services already being provided by the state.

Lee Rowe, Chairperson, Advisory Council on Aging, spoke in support of HB 2912. Her statement (Attachment V) said that a CUB would provide the mechanism for residential consumers to participate at the appeal level and close that representation gap that currently exists. With access to appropriate legal and technical resources it can measurably improve representation of residential customers.

David Shulman, Crosslines Council, Kansas City, Kansas, spoke in support of HB 2912. His statement (Attachment VI) reflected the fact that the Council has monitored the rate making process but has never intervened because it does not have the kind of information and expertise to match that of other interveners. Rate design cannot be solely dealt with in public meetings. The consumer has a right to intervene, but no mechanism through which this realistically occur. The CUB seems to be the right vehicle to add to the information the KCC needs in its decision making.

Jolene Grabill was present to speak in support of HB 2912. She said that it would not cost the state a nickel for a CUB. It is voluntarily funded. The rate-payers simply stop giving if they feel the CUB is no longer useful. It is not another attempt to create another bureaucracy, but an attempt to establish a citizen self-help vehicle. This will serve the needs of Kansans. (Attachment VII)

Chairman Cloud thanked the conferees and adjourned the meeting at 10:00 a.m.

GUEST LIST

COMMITTEE: GOVERNMENTAL ORGANIZATION

DATE: Feb. 23, 1984

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
RICK FENEWOLD	TOPEKA	AT+T
Bill Schultz	TOPEKA	AT+T
Kathi Champlin	UCS	Jo. County
Mina Puciam	Johnson Co.	SR. Adv. Council
Harold Shoaf	Topeka	KCC
LON STANTON	TOPEKA	NORTHERN NATURAL GAS
JEFF RUSSELL	TOPEKA	UNITED TEL. OF KS
BILL EWING	"	S.W. BELL
Ray D. Shenkel	Shawnee	K. C. P. L.
Wilbur G. Leonard	Topeka	Ks. Tel. Assn.
Rick Kready	Topeka	KPL/Gas Service Co.
DAVID SHULMAN	KANSAS CITY, KS	CROSS-LINES
Julie Jansen	Kansas City KS	Cross-lines
Heonore Rene	Emporia	State Advisory Council on Aging
Gretchen Blene	Topeka	KCC
W. Yulur		AP
Ed Peterson		KCC
Ed Reincit	"	League of Voters
David W. Nickel	"	KCC
D. WAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC COS ASSOC. OF KS.

KEN GROTEWIEL
REPRESENTATIVE, NINETY-SECOND DISTRICT
611 WEST 12TH
WICHITA, KANSAS 67203



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER ENERGY AND NATURAL RESOURCES
FEDERAL AND STATE AFFAIRS
ELECTIONS

February 23, 1984

TO: HOUSE GOVERNMENTAL ORGANIZATION COMMITTEE
FROM: KEN GROTEWIEL
RE: CITIZEN UTILITY BOARD (CUB)

The Kansas Corporation Commission represents the public at large, which includes three classes of customers: residential, commercial and industrial. The KCC staff makes a recommendation on how much if any rate increase is paid by each class, and eventually the KCC makes the final decision.

In technical hearings on rate increases, residential and small business customers are rarely well represented. However, larger business interests have the resources to intervene in the hearings and effectively present their positions to the KCC. A Citizen Utility Board would give the same opportunity to residential customers.

One of the most vital provisions of the proposed legislation would give the Board the right to enclose information about the Board in utility bills. By allowing this, the legislation would solve problems that now exist when a "grass roots" public interest group attempts to get started, namely, the time-consuming job of organizing a mailing list and the expense of communicating to large numbers of people.

The CUB would be self-supporting and would require no tax dollars, as CUB is strictly a volunteer organization with a basic membership fee of \$5.00.

The existence of a CUB would aid the KCC by providing additional information on the residential consumer's view. Its formulation, in no way, is an effort to do the work of the KCC staff or to infer that the KCC has not taken the consumer view into consideration in its deliberations.

One big advantage of CUB is that it is independent of the normal political process, insuring that it will truly represent consumer interests through all kinds of political times.

Presently, the KCC has a Consumers Information Board, but its function is quite different. Unlike CUB, it is funded by the KCC, and is strictly an advisory board. Also, it represents a wide variety of groups, whereas, the CUB would represent only residential and small customers.

Atch. I



CITIZENS' UTILITY BOARD

125 W. Doty St., Madison, WI 53703 (608) 251-3322
2040 W. Wisconsin Ave., Milwaukee, WI 53233 (414) 933-9175

Kathleen F. O'Reilly
Executive Director

What Is CUB?

To date, the Wisconsin Citizens' Utility Board (CUB) is the *only* such operating consumer organization of its kind in the country, although legislation creating a CUB has recently been passed in Illinois. Similar legislation has been introduced in numerous other states and is administratively "in the works" in California and New York. Although created by the legislature, CUB is *not* a state agency and takes no tax or utility dollars. By law, we are allowed periodically to include literature about our organization in the utility bill envelopes. (CUB pays for the cost of those enclosures.) With the voluntary membership dues and donations collected, CUB advocates the point of view of the residential utility consumer and farmer before the PSC, the legislature, the courts . . . any public body which formulates policies which affect utility rates.

Since the spring of 1983, membership has more than doubled (currently over 92,000) and a string of successes has been achieved.

CUB Victories That Saved You Money in 1983

LMS DEFEATED!

The Public Service Commission rejected Wisconsin Telephone's proposal to meter every local call you make. The arguments and evidence put together by CUB's attorney, rate analyst and experts, together with our aggressive coalition-building and public information program, provided the strong basis that made the PSC decision possible.

LEGISLATURE RESTRICTS UTILITY ADVERTISING

The legislature agreed with CUB that utilities should *only* be allowed to charge ratepayers for advertising that is either required by law or produces a direct benefit to consumers (such as safety instructions). Also ratepayer-subsidized ads must now contain a conspicuous notice that the consumer is being charged for the advertising. CUB has sued the PSC, challenging its failure to enforce the new law.

AUTOMATIC FUEL ADJUSTMENT CLAUSE ELIMINATED

CUB actively lobbied on behalf of legislation that abolished the automatic fuel adjustment clause. This means utilities can *no longer* automatically pass on to customers certain cost increases without notice and a public hearing.

(over)

**UTILITY HOLDING COMPANIES DEFEATED
IN SPECIAL LEGISLATIVE SESSION**

CUB organized a statewide coalition of small business, labor, farmer, senior citizen and consumer groups which successfully lobbied against the utility holding company bill. The legislation would have weakened present law and allowed utilities to expand their holding company operations. Holding companies are separate corporations that can invest ratepayer money without strict accountability to the Public Service Commission and watchdog groups like CUB.

“ABILITY TO PAY”

The PSC unanimously approved CUB’s proposal that ratepayers’ “ability to pay” be formally considered in all future cases. This provision—the first of its kind in the country—means that in setting utility rates, the Commission will consider the economic factors that reflect consumers’ incomes as well as those factors that reflect the utilities’ costs. This ruling should help balance the scales.

CUB EXPERTS “REACH OUT AND STOP” WISCONSIN TELEPHONE

At the technical hearings last spring, CUB and *only* CUB presented evidence and arguments that made the case that Wisconsin Telephone:

- was NOT entitled to *any* increase in their rate of return (their proposed 17% return would have cost consumers an extra \$38 million!);
- NOT entitled to increase the pay phone rate to 25¢ (another \$2.3 million savings); and
- NOT entitled to charge for emergency interrupt services.

CUB made a difference! At the technical hearings last fall, but for CUB’s arguments and cross-examinations on the rate of return and outside payment levels, Wisconsin Telephone would have received even \$28 million more in higher rates. Unlike the PSC staff, CUB argued that residential customers should not have to pay most of the increase. The PSC agreed with CUB and the increase will be spread across the board to all Wisconsin Telephone customers.

WEPCO RATES LOWERED

CUB agreed with the PSC staff that WEPCO’s rates should be lowered. CUB argued that rates should be lowered by *at least* \$25 million and that ratepayers should *not* have to pay certain WEPCO advertising, lobbying and membership dues expenses. WEPCO was just ordered to lower their rates by \$20.5 million.

WEPCO wants to build a nearly \$50 million office building designed for WEPCO’s space needs in the next century. But WEPCO has no plans to rent out the unused space and wanted you to pick up that tab. CUB argued that this was unfair and the Public Service Commission agreed, ruling that ratepayers should not have to pay for the unused space.

I want to help CUB be even more effective. Here’s my contribution of:

- \$3.00* \$10.00 \$15.00 Sustaining \$25.00 \$50.00
 New Member Extra Contribution Renewal

Name _____ Phone _____

Address _____

City _____ Zip _____

MAIL TO: CUB, 125 West Doty, Madison, Wisconsin 53703
Telephone (608) 251-3322

*\$3 is our minimum membership, but it barely covers costs. Please give more if you can. Contribute \$20 or more and we will send you REVERSE THE CHARGES, a new book about how to save \$\$\$ on your telephone bills!

Be amended:

On page 1, in line 29, following "consumers" by inserting "and small business consumers";

On page 2, following line 66, by inserting the following:

"(k) "Small business consumer" means any business which employs less than 50 persons."

Also on page 2, in line 67, by striking "(k)" and inserting "(l)"; in line 69, by striking "(l)" and inserting "(m)";

On page 3, in line 83, by striking "(m)" and inserting "(n)"; in line 95, by striking "(n)" and inserting "(o)"; in line 101, following "Any" by inserting "small business consumer or any"; in line 102, by striking "and"; in line 112, following "consumers" by inserting "and small business consumers"; in line 115, before "about" by inserting "and small business consumers"; in line 117, following consumers, by inserting "and small business consumers";

On page 4, in line 122, following "consumers", by inserting "and small business consumers"; in line 135, following "consumers" by inserting "and small business consumers"; in line 145, following "consumers" by inserting "and small business consumers";

And the bill be passed as amended.

Chairperson

Atch. II

COMMENTS FOR LEGISLATURE
 REGARDING CONSUMER PARTICIPATION LEGISLATION

An often quoted axiom suggests that decisions made in a democratic process are only as strong as the information available to the decision-makers. Utility rate making clearly conforms to this rule; much information is required to render adequate decisions on these complex and technical issues. Many times this Commission receives critical information from consumer groups that intervene in ratemaking proceedings. Despite the potential contributions intervenors could make to Commission proceedings, there are serious obstacles that impede the participation of these groups. It is very difficult for the small consumer to obtain the expertise and financial resources necessary to participate meaningfully in regulatory proceedings.

The Corporation Commission supports some form of increased intervenor participation in proceedings before the Commission. This Commission has taken several steps within its current authority to remove obstacles to consumer participation:

1. The Commission has conducted public hearings across the state during utility rate cases to allow affected consumers to voice their opinions. This Commission is the first Commission to make a forum readily available to the public.

Atch. III

2. The Commission has adopted a rule for consumer intervenor compensation to allow an award of expense money to consumers who effectively advocate certain rate design positions in electric utility cases. This rule is very limited, but the Commission does not possess the authority to expand it at this time.

3. The Commission created the Consumer Information Board with the purpose of educating Kansas citizens about utility issues and regulatory procedures in order to encourage informed consumer participation.

4. The Commission has liberally granted intervention to those parties who have sought to participate officially in KCC proceedings.

These measures have not been enough to remove all the obstacles to meaningful consumer participation in Commission proceedings. In spite of the Commission's efforts to expand intervenor participation, it is usually only the large industrial customers who intervene in Commission ratemaking proceedings. The Commission believes that participation by small commercial and residential consumers should be assisted and encouraged. Participation by these groups would benefit the Commission by presenting a diversity of viewpoints for review by the Commission.

Before discussing the alternatives that are before the Legislature, the role of the Commission staff should first be

explained. The Commission staff has the responsibility for representing the public generally. The staff prepares and sponsors adjustments to a company's revenue requirement, and usually these are the only adjustments made to the authorized revenue collections. The staff's role is less clearly defined for the issue of rate design where the Commission must decide how much the respective customer classes must pay. As a general rule, the Commission staff has advocated rate design principles that benefit small consumers. Rate design has become much more complicated in recent years, and it is not possible for the staff to represent all positions that may benefit a particular rate class. The Commission can make better decisions and more informed decisions when a full range of options is presented. Thus, intervenor participation can enhance the regulatory process.

This year the Legislature has before it several proposals which would eliminate some or all of the obstacles to better intervenor participation at the Corporation Commission. Included in these measures are: HB 2912, which develops a consumer utilities board; SB 542, which expands the consumer intervenor compensation program to apply to all KCC rate hearings; and HB 2362, which would establish an Office of Public Advocate. Each of these programs has its merits and disadvantages.

HB 2912 establishes a consumer utility board. A consumer utility board, oversimplified, is an independent entity which exists to represent ratepayers in utility rate proceedings. The

consumer utility board (CUB) is funded through a contribution paid by utility consumers. The CUB may perform an educational function by disseminating pertinent information through the utility bill mailings. Because the CUB is funded solely through contributions by consumers, it would require no direct fiscal outlay by the state or by the utilities. If adequate consumer funding is lacking, the CUB will never be started. One disadvantage of a CUB is that it creates the potential for duplication of efforts already made by the Commission. A second possible problem may be controlling administrative costs, especially during the start-up period; however, this problem could be controlled with a spending cap on administrative costs such as 15% of total funds available.

The consumer intervenor compensation proposal would require a higher degree of state participation, but this proposal would still impose minimal cost upon the state. Under this proposal the Commission would have authority to grant compensation to consumer intervenor groups which demonstrated that they were presenting a position that would not otherwise be presented and that they were without adequate financial means to provide meaningful participation. This award would be assessed against the utilities and therefore spread to all ratepayers. One advantage to this proposal is that the Commission retains discretion and control over the extent of financial assistance by these groups. The Commission's existing rule allowing for compensation concerning certain electric rate design standards

has been utilized sparingly. Only one award has been tentatively granted by the Commission in the amount of \$5,000. The state of Wisconsin has experience with a broad rule such as that proposed in SB 542. During the first six months of operation under this rule, the Wisconsin Public Service Commission granted requests totalling \$66,800.00.

The final proposal would appear to be the least desirable of the three proposals for providing consumer participation. The concept of establishing an Office of Public Advocate has been attempted in other states with limited success. Only the larger states have been able to devote adequate resources to provide the Public Advocate's Office with sufficient staff to accommodate meaningful participation. The experience in smaller states has been a division of resources between the public service commission and the public advocate's office which, in effect, diminished the representation of small consumers. Establishing such an office would require a substantial financial outlay by the state.

The Commission is unable to recommend one of these approaches over any of the others. However, the Commission believes that additional representation by interested parties could be helpful in reaching an informed decision. The Commission welcomes and encourages additional participation by small commercial and residential consumers in matters before the Corporation Commission.

TESTIMONY BEFORE
GOVERNMENTAL ORGANIZATION COMMITTEE
H.B. 2912
FEBRUARY 23, 1984
BY
MICHAEL D. GARDNER

Mr. Chairman and Members of the Committee:

My name is Michael D. Gardner and I work for The Empire District Electric Company serving customers in southeast Kansas and southwest Missouri. I am representing the Electric Companies Association of Kansas speaking in opposition of H.B. 2912.

In 1980, the question of a Citizen's Utility Board, or C.U.B., was before the voters in Missouri as a result of an initiative petition. The voters carefully examined each issue that year, and while they passed an increase in the sales tax, 61 per cent of the voters said 'no' to the C.U.B. proposal. Without exception, every county in the state rejected the Citizen's Utility Board. The people did not believe the C.U.B. was worthwhile nor beneficial.

In 1979 the Wisconsin legislature enacted the enabling legislation for the creation of a C.U.B. To the best of our knowledge, this is still the only C.U.B. in existence. Since its inception, the Wisconsin C.U.B. has moved steadily away from representing the consumer in rate cases and toward an active political force. Last summer the organization published a scorecard of elected representatives listing them as 'saints and sellouts' depending on their position on various pieces of legislation.

The Public Service Commission unanimously voiced concern that the group's budget exceeded \$740,000 in 1983, but only \$40,000 was for Commission related activities. A Citizen's Utility Board is a public organization created by law to represent all of its members in rate hearings. To give a lobbying organization access to free mailing privileges goes far beyond the bounds of fairness.

Atch. IV

H.B. 2912 creates a C.U.B. with the same utility mailing privileges. Will the K.C.C. be open to unjust criticism if they disagree with the fairness of the material the C.U.B. wants to include in the mailing with the utility bills?

The Kansas Corporation Commission was created to insure that the public interest is served. They have staff with the required expertise to analyze rate requests and determine what the proper rate level should be. To assist them, the K.C.C. often retains outside assistance to aid the Commission staff in developing and presenting the viewpoint of the consumer.

In addition, K.S.A. 66-106 requires the Attorney General to assist the Commission's attorney when requested. He also can intervene at his own discretion to represent the consumer in matters before the Commission. The K.C.C. also may appoint and has appointed advisory boards such as the C.I.B. (Consumer Information Board) to assist them. The C.I.B. publishes instructional booklets on how to intervene, conducts studies and provides informational material to consumers.

The issue in H.B. 2912 is not whether consumers can organize - they can and do. The real issue is should the state establish another entity that will duplicate the services already being provided by the state.

TESTIMONY ON HB 2912
BEFORE THE HOUSE GOVERNMENT ORGANIZATION COMMITTEE
By the Kansas State Advisory Council on Aging
February 23, 1984

I'm Lee Rowe, chairperson of the Kansas State Advisory Council on Aging. The Council is made up of 19 members from all regions of the state. The State Advisory Council on Aging supports HB 2912 which creates a Citizen Utility Board (CUB) to represent residential utility consumers. A CUB represents one viable way to improve the representation of utility consumers before the KCC.

Under the current system, the KCC, as a whole, represents a balance of interest between the consumer and the utility. The KCC staff is currently designated to represent the public. The utilities, of course, represent themselves and often industrial customers intervene on behalf of their varying interests.

There are two significant problems with this system. One occurs at the appeal level. KCC staff are not in a position to appeal a Commission decision to the courts. Utilities, as well as industrial intervenors, are and they often exercise this prerogative.. A CUB provides a mechanism for residential consumers to participate at the appeal level and close the representation gap that currently exists.

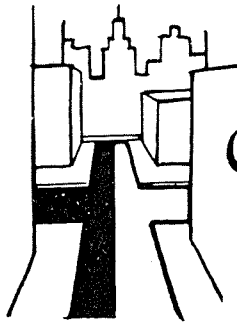
The other problem occurs when the interest of residential customers is not monolithic. Disparate business interests in rate cases are represented by multiple industrial intervenors paid through the rate base. Under the current system, the KCC staff must choose from amongst the sometimes disparate residential interests. A CUB offers an opportunity for residential consumer interests to be specifically represented. As the KCC is limited to acting only on information in its official records, important residential consumer interests may be neglected with only KCC staff appearing in behalf of small consumers.

As a rule, residential utility consumers do not have the time, the financial resources, or the expertise to represent their interests in utility regulatory matters. An independent body, with access to appropriate legal and technical resources, can measurably improve representation of residential customers.

A CUB is a good choice to fill this need, as it requires no state dollars, creates no new bureaucracy, and imposes no significant administrative burden on either the KCC or the utilities. A CUB is a democratically accountable advocate - accountable in that its Board of Directors are elected by CUB members and accountable in that the CUB is dependent upon voluntary contributions.

Participation of such an advocate can only help improve the quality of decisions made in the increasingly complex public policy arena of utility regulation. The State Advisory Council on Aging urges you to report HB 2912 favorably.

Atch. V



CROSS-LINES COOPERATIVE COUNCIL

1620 SOUTH THIRTY-SEVENTH STREET
KANSAS CITY, KANSAS 66106
(913) 432-5497

INCORPORATED

EXECUTIVE DIRECTOR
Rev. Donald C. Bakely

PROGRAM DIRECTOR
Mr. M. Myron Dice

SECRETARY
Mrs. Joy Clark

*A Non-Profit
Private Agency
Serving South
Kansas City, Kansas
Since 1965*

Testimony on HB 2912
Before the Governmental Organization Committee
Kansas House of Representatives
February 23, 1984

SUPPORTED BY:
INTER-FAITH GROUPS
CIVIC ORGANIZATIONS
PRIVATE INDUSTRY
FOUNDATIONS
INDIVIDUALS

Mr. Chairman and members of the Committee;

PROGRAM SERVICES:
EMERGENCY ASSISTANCE
TRANSPORTATION
EDUCATION
RECREATION
HOUSING

My name is David Shulman, Associate Program Director of Cross-Lines Cooperative Council, 1620 S. 37th St. Kansas City, Kansas. Cross-Lines is a community based, social service and development agency. One of the many areas in which we work are issues involving utility costs and rate setting particularly in regards to its impact on low income households.

SPINOFF PROJECTS:
HEALTH SERVICES
LEGAL SERVICES
HOUSING

In this capacity Cross-Lines has monitored the rate making process in Kansas and I hope to give the committee some information based upon our experiences in rate making process.

ACTION OBJECTIVES:

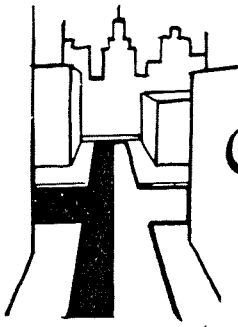
- UPLIFT
HUMAN DIGNITY
- BREAK BARRIERS
OF PREJUDICE
- SENSITIZE TO
PLIGHT OF POOR
- ENABLE
SELF-DEVELOPMENT
- ADVOCACY ROLES
FOR SOCIAL CHANGE
- NEIGHBORHOOD
EMPOWERMENT
- COOPERATIVE
SERVICE
- POOLING OF
RESOURCES
- UTILIZE
VOLUNTEERS

I mentioned earlier that we have monitored the rate making process. It is important to note that we have never officially intervened. The reason we have never intervened is that we have had no mechanism through which we could productively do so with the kind of information and expertise to match that of other interveners. Current procedures are totally inadequate to enable community or consumer groups to become officially and effectively involed in the rate making process.

By monitoring several rate cases we have noticed several key factors that speak to the need for a broader base for consumer participation in rate decisions.

First is that rate design is not something that can be dealt with solely in "public meetings". Questions as to inclusion in rate bases, cost of service, etc. cannot be fully addressed in these general forums, especially without the ability for cross-examining.

According to the rules and regulations under which the KCC operates any party that might be adversely affected by a decision has the right to intervene. They have the right but the residential consumer as no ability to do so, no mechanism through which that might realistically and effectively occur. Much like the poll tax we have a system that effectively bans a large population (in this case a majority) from exercising a right they are suppose to have.



CROSS-LINES COOPERATIVE COUNCIL

1620 SOUTH THIRTY-SEVENTH STREET
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Without official intervention, a consumer does not have the right to cross examine. Witnesses enter items into the record take despositions and a variety of other ways to add to the information from which the Commission must make its decision. The legislature needs to be working to develop ways to broaden the base of information and involvement available to the Commission. The CUB is a realistic way to accomplish that task.

SUPPORTED BY:
INTER-FAITH GROUPS
CIVIC ORGANIZATIONS
PRIVATE INDUSTRY
FOUNDATIONS
INDIVIDUALS

PROGRAM SERVICES:
EMERGENCY ASSISTANCE
TRANSPORTATION
EDUCATION
RECREATION
HOUSING

SPINOFF PROJECTS:
HEALTH SERVICES
LEGAL SERVICES
HOUSING

ACTION OBJECTIVES:

UPLIFT
HUMAN DIGNITY

BREAK BARRIERS
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SENSITIZE TO
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FOR SOCIAL CHANGE

NEIGHBORHOOD
EMPOWERMENT

COOPERATIVE
SERVICE

POOLING OF
RESOURCES

UTILIZE
VOLUNTEERS

Thank you for allowing me this opportunity to present these ideas.

Testimony
of
Jolene M. Grabill
HB 2912

Chairman Cloud, Ladies and Gentlemen of the Committee, thank you for the opportunity to speak with you today. My name is Jolene M. Grabill. I am the Volunteer Coordinator of the Kansas Campaign for a Citizen's Utility Board. I am here today to speak in support of House Bill 2912; creating a Citizen Utility Board in the State of Kansas.

The bill provides for a corporation that is governed by a representative board elected by the membership from Kansas, five congressional districts with an additional member appointed by the Governor. The Citizen Utility Board would receive no tax dollars, but would be granted the right to enclose at it's own expense membership solicitations in the billing envelopes of investor owned utilities. Moreover, the bill instructs the Board to hire staff necessary to professionally represent residential and small business utility consumers before regulatory agencies, the legislature and other public bodies, and to provide consumer education on utility matters to the membership. Any residential or small business utility consumer at least 18 years of age, may join the corporation for an annual contribution of not less than \$5.00 nor more than \$250.00.

The Citizen Utility Board has the ultimate sunset provision. It is funded by voluntary contributions. Therefore, it takes no act of the state legislature to dissolve. The ratepayers simply stop giving if they feel the Citizens Utility Board is no longer useful.

Why then, do we ask for legislative authority to establish

Testimony
February 23, 1984
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the Citizen Utility Board? As previously mentioned, the bill allows the Citizen Utility Board, at its own expense, to enclose membership appeals in the billings of investor used utilities. In exchange for this privilege, the Kansas Corporation Commission is given oversight of the content and substantive language utilized in the enclosure. This enclosure privilege provides the most direct contact to potential members, and a vehicle of accountability. It is the most efficient method of assuring member contributions are directed toward the substantive work of the organization, rather than spending a higher percentage of corporation funds on identifying members and maintaining mailing lists.

Clearly, this bill does not request the same mechanism utilities enjoy in making rate requests: Involuntary payment of rate case expenses. Rather, ratepayers and utilities alike who do not wish to join CUB are charged nothing.

Creation of the Citizen Utility Board by the Kansas legislature would be a sign to the public of the sensitivity of their elected representatives to the needs of residential and small business utility consumers. It would also be a tribute to the impartiality of each legislator by emphasizing your desire for balance in rate proceedings.

We are not asking to create another bureaucracy in HB 2912. Instead, it is an attempt to establish a citizen self-help vehicle. We are in an era when government, because of cutbacks, is doing less for citizens. So, it seems appropriate for government to make it as easy as possible for people to help themselves, without adding a single person to the state payroll or taking a nickel from the treasury.

Feb. 21, 1984

To: House Committee on Governmental Organization

Re: HB 2912

I am unable to attend your hearing on HB 2912. However, I wish to urge you to support this bill. The K.C.C. serves as the middle-man or arbitrator between the utility companies and the consumer. A Citizen Utility Board is desperately needed in Kansas to serve as a vocal advocate for the consumer alone.

During the past two years, I have chaired a coalition of agencies and citizens who worked to involve the cities and county in a utility assistance program for low-income families. High utility bills have created an impossible problem for low-income families. The federal LIEAP program helps some, but not enough. Utility bills have risen far beyond their ability to pay.

Here are the statistics on utility assistance in Johnson County. I am sure the problem must be even greater in other parts of Kansas.

	LIEAP:		Local Programs:	
	Amount	Families	Amount	Families
winter 1981-82	\$313,876	1762	\$ 39,266	798
winter 1982-83	\$209,705	1164	\$157,646	1709
winter 1983-84	\$213,332	1173 (as of Jan.27)	Local not known yet	

A Citizen Utility Board could work to stop the spiraling cost of utilities. I urge you to support HB 2912!!!

Sincerely,

Frances Jarchow

Frances Jarchow
9300 Roe Ave,
Prairie Village, Kansas
66207

BEFORE THE HOUSE COMMUNICATIONS,
COMPUTERS AND TECHNOLOGY COMMITTEE

Statement of Thomas E. Gleason on behalf of "Independent Telephone Company Group" in opposition to House Bill 2912

Mr. Chairman and Members of the Committee:

Pursuant to telephone conference with your staff, I am submitting a written statement in opposition to House Bill 2912.

I apologize for the fact that conflicting court commitments will not permit me to appear at the scheduled hearing. The statement is being submitted on behalf of Independent Telephone Company Group, which has been previously identified to this Committee as consisting of 18 small rural oriented telephone utilities in the state.

Our objections to the provisions of House Bill 2912 is based on the position that the result of the bill would be to impose additional regulatory burdens and related costs upon the public utilities of the State of Kansas and their ratepayers. This bill is one of many bills that have been submitted to the legislature premised, we believe, on the mistaken notion that the interests of various classes of public utility ratepayers were not adequately protected under current regulatory procedures. We want to assure this committee and the legislature that ratepayers' interests generally - and certainly low income and residential ratepayers' interests - receive a high priority of concern under the current regulatory processes. If one would study the various

rate proposals that have been submitted to the Kansas Corporation Commission and the Commission's final rate orders and the rate design that have been made applicable pursuant to those orders, it will be very obvious that low income and residential ratepayers generally receive full consideration and favorable, if not actually preferential, considerations.

For example, the recent Southwestern Bell general rate case before the Commission was based upon a request for approximately 100% increase in residential local service rates, in addition to proposals for long distance access charges which would have been the equivalent of an additional 50% flat rate local service increase. Our Commission directly, and partially through its efforts at the federal level, modified those rate proposals so that a local service rate increase of only about 15% was applied to residential service rates. There are numerous other examples that could be made.

Independent Telephone Company Group expresses its concern for the substantial growth, involvement and related expenses which have been imposed upon them in recent years. The cost of the additional regulatory provisions must ultimately be borne by the utility customers, and, therefore, this legislature should consider something in the nature of a cost benefit ratio as the various proposals for additional regulatory burdens are proposed. We would specifically note that the operations of the telephone utilities by our members of the Independent Telephone Company

Group includes close contact and relationships between the utility and its customers. Our people - the owners, the managers and the service personnel - live with and associate daily with the utility customers.

This closeness of the relationship may be substantially different from the relationship between large holding companies or large metropolitan utilities and their customers. This relationship has been recognized to some degree in the treatment of co-op type utilities and some of our members are co-ops. We would suggest that the small, closely related telephone utilities, even though private corporations for profit, should be entitled to the same consideration as co-op associates, as set forth in the definition of public utilities in subparagraph (i), Sec. 4 of the bill.

While we feel that the bill generally is unneeded in order to protect residential consumers generally, we would certainly urge the amendment of Sec. 4, subparagraph (i) to exempt telephone public utilities serving 10,000 customers or less from the application of the bill.

We appreciate the opportunity of submitting this statement on House Bill 2912.

Respectfully submitted,
Thomas E. Gleason on behalf of
Independent Telephone Company
Group.