

Approved

Stephen R. Cloud
Date 3-15-84

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

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

9:05 a.m./p.m. on March 1, 1984 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Russ Mills - Legislative Research Department
Carolyn Rampey - Legislative Research Department
Avis Swartzman - Revisor
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Bill Ewing - Public Affairs Manager, Southwestern Bell Telephone Company
Jeff Russell - Director of Governmental Affairs, United Telephone Company of Kansas
Lon Stanton - Regional Government Affairs Manager, Northern Natural Gas Company (appearing today on behalf of Peoples Natural Gas Company, an InterNorth, Inc., division)
Marsha Marshall - Kansas Natural Resource Council
Kathie Champlin - United Community Services of Johnson County, Inc.
Gina Pulliam, Chairman, SRS Advisory Council of Johnson County
Ed Reinert - League of Women Voters of Kansas
Harold Riehm - Private citizen

Chairman Cloud called the meeting of the House Governmental Organization Committee to order at 9:05 a.m. The minutes of the February 28 meeting were approved.

Discussion began on HB 2859. This bill had been briefly discussed at the preceding meeting. After several comments from Rep. Matlack, bill sponsor, and from other members of the Committee, Rep. Smith moved to table HB 2859 and refer it to for interim study. Rep. Walker gave a second to the motion. The motion carried.

HB 2912 - Citizen utility board

A continuation of the hearing on HB 2912 was begun with opponents to the bill.

Bill Ewing, Southwestern Bell Telephone Company, distributed copies of his testimony and spoke briefly to the Committee. He stated that a Citizen Utility Board would be a duplication of the Consumer Information Board. (Attachment I)

Jeff Russell, United Telephone Company of Kansas, expressed his concern of whether the consumer thinks his interest is not being accomplished through the KCC. He feels the consumer has been more than adequately represented and given ample opportunity for input through the Commission. (Attachment II)

Also speaking in opposition to HB 2912 was Lon Stanton, who has present to represent Peoples Natural Gas Company, an InterNorth division. He stated that he is not opposed to a group of people organizaing for their own special interests, that is already being done. He is opposed to the legislature giving a group free mailing privileges such as HB 2912 would give this proposed Citizens Utility Board. (Attachment III)

Proponents of HB 2912 were next to testify.

Marsha Marshall, Kansas Natural Resource Council, used the blackboard to show that Revenue Request = Expense + Rate of Return x (RB). She told the legislators that she was sure they were aware of the increasing frustration of rate payers as they face the endless increases in all their utility rates. On being asked about why, in particular, the CUB would be a good vehicle when there are other consumer advocacy groups, Ms. Marshall stated that the mailing privilege would give the CUB access to every consumer. (Attachment IV)

Kathie Champlin, United Community Services of Johnson County, Inc., stated that the CUB would cost the state no money, paper work or additional bureaucracy. It offers the consumer the opportunity to pool resources, hire legal staff and have an equal footing at formal rate hearings. (Attachment V)

Gena Pulliam, SRS Advisory Council of Johnson County, stated that a CUB is needed to focus on consumer interest and act as an advocate for all utility customers in both legislative and regulatory action. (Attachment VI)

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:05 a.m./p.m. on March 1, 1984

Ed Reinaert, League of Women Voters in Kansas, stated that, in accordance with longstanding beliefs by the League in the citizens right to know and participate in government activities, the League supports the creation of a Citizens Utility Board.
(Attachment VII)

Harold Riehm, private citizen, said that at this particular time the consumer will have to pay a part in his future in the area of utilities.

The Chairman thanked the conferees and adjourned the meeting at 9:59 a.m.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

My name is Bill Ewing. I'm Public Affairs Manager with Southwestern Bell Telephone Company here in Topeka. I'm here to speak in opposition to House Bill 2912.

My opposition to mandating a "CUB" (Consumer Utility Board) is based solely on it being a duplication of effort.

Since 1979 there has been a "CIB" (Consumer Information Board) which holds quarterly meetings. These quarterly meetings are held to provide information to the CIB Board and interested parties as to what is going on in the utility arena. The KCC has a staff person to coordinate activities of the CIB organization. The President of the "CIB" is appointed by the Chairman of the KCC to chair these quarterly meetings. The expense for this organization is between \$4,000 and \$5,000 per year which is part of the KCC budget. Since the KCC is a fee agency, all money in their budget (KCC) is assessed to the agencies they regulate. Therefore, the CIB budget of \$4,000 to \$5,000 per year is funded by the regulated utilities.

Another significant factor which makes the establishment of a new "CUB" (Consumer Utility Board) unnecessary in Kansas is that the KCC have out state hearings. During the Southwestern Bell Telephone Company most recent rate case, there

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were eight public hearings. These hearings were in eight different geographic areas of the state (see Attachment I). These eight hearings were attended by more than 1,000 Kansas citizens.

The KCC has encouraged these out state hearings so that they can have public input to the ratemaking process (see yellow brochure - Attachment II). You will notice this is prepared by the existing "CIB" and is passed out to all in attendance at these regional hearings.

Attachment III is the "CIB" newsletter which is distributed to the CIB membership approximately six times a year. Southwestern Bell sends to all of our customers a bill insert explaining some basics of the rate case and the times and locations of the public hearings approximately 60 days prior to the start of the public hearings. Due to the many steps which are taken by the KCC and the utilities to insure public awareness, it appears unnecessary to add another layer by forming a new "CUB".

It is my understanding the purpose of a "CUB" is to keep consumers informed and to help curb exorbitant rate increases. It appears the mechanisms in Kansas already in place in the form of the "CIB" and regional public hearings are serving the consumer quite well. Since 1981 the increase for basic residence telephone service in Kansas has been

\$3.60 per month. By comparison, in Wisconsin where the concept of a "CUB" was founded, the increase has been \$7.70 per month since 1981.

In closing, let me advise you that the state of Missouri attempted to establish a "CUB" during the last legislative session with no success. The advocates for "CUB" then got signatures for an "initiative petition" which was then put on the ballot. The CUB proposal was defeated by 61% of the Missouri voters.

C.I.B. MEMBERSHIP

By Category

February 1984

AGRICULTURAL/FARM ORGANIZATIONS

United Farm Wives
Kansas Farmers Union
Kansas Cooperative Council
The Land Institute

AGING

Department on Aging
Kansas Coalition on Aging

EDUCATION

Energy Adventure Center-
Wichita Public Schools

ENERGY

Garden City Citizens Energy
Advisory Board
Kansans for Sensible Energy
Kansas Solar Energy Society
Mid-America Coalition for
Energy Alternatives
Wichita-Sedgwick Energy
Monitoring Board
Women in Energy

GOVERNMENTAL OFFICES

Governor's Office
Topeka-Shawnee Cty Planning

BUSINESS & TRADE ORGANIZATIONS

Kansas Ass'n of Commerce & Industry
Western Kansas Manufacturers Ass'n
Kansas City Chamber of Commerce
Wichita Chamber of Commerce

SOCIAL SERVICE ORGANIZATIONS

East Central Kansas Economic
Opportunity Corp. (ECKAN)
Harvest America

MISCELLANEOUS

Kansas Legal Services
Sierra Club
League of Women Voter's
Central Conference Mennonite Church

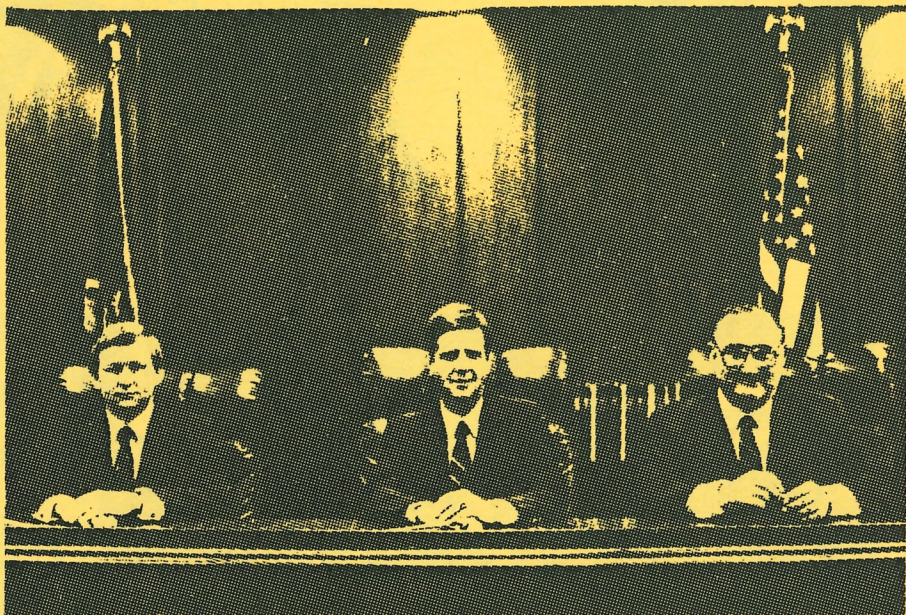
PUBLIC HEARINGS

<u>Date</u>	<u>Place</u>
November 1	Goodland
November 2	Dodge City
November 4	Topeka
November 9	Wichita
November 10	Kansas City, Kansas
November 10	Mission
November 17	Parsons
November 22	Salina



GUIDE TO THE PUBLIC HEARING

From The Consumer Information Board Of The
Kansas Corporation Commission



PHILLIP R. DICK
Commissioner

MICHAEL LENNEN
Chairman

R.C. (PETE) LOUX
Commissioner

KANSAS CORPORATION COMMISSION

Fourth Floor, State Office Bldg.

Ph. 913/296-3355

Topeka, Kansas 66612

(WICHITA EAGLE-BEACON PHOTO)



A CONSUMER TESTIFIES ABOUT HER UTILITY BILL AT A PUBLIC HEARING IN WICHITA.



PERSONS WISHING TO TESTIFY ARE ASKED: "DO YOU SOLEMNLY SWEAR THAT THE TESTIMONY YOU ARE TO GIVE IN THIS HEARING WILL BE THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH, SO HELP YOU GOD?" WITNESSES ANSWER: "I DO."

IF YOU HAVE AN OPINION ABOUT THIS PROPOSED RATE INCREASE, YOU ARE ENCOURAGED TO TESTIFY AT THIS PUBLIC HEARING.

A sign-up sheet will be passed around to anyone wishing to offer testimony on this matter.

If you want to testify, make sure to get your name on that sign-up sheet.

At the time that you are called to testify, you will be sworn in, just as if you were a witness in a legal trial. Upon taking the witness stand, you will be asked to give your name and address before you present your testimony.

WHEN YOU TESTIFY:

Please keep your testimony brief and to the point. There may be many people who wish to testify at this Public Hearing. Keeping each presentation as brief as possible helps insure that everyone will have a chance to speak in a timely fashion.

Your testimony must be presented in the form of a statement. Because of the formal nature of these Public Hearings, you will not be allowed to ask questions of either the Commission or the lawyers involved in the case.

(If time allows after the Hearing, you may approach the lawyers or the utility representatives present to ask questions or further voice your concerns. The Commissioners must remain strictly neutral on this matter, and are prohibited -- by law -- from talking about the case.)

Most importantly, RELAX and remember THE KANSAS CORPORATION COMMISSION WANTS TO HEAR YOUR OPINION.

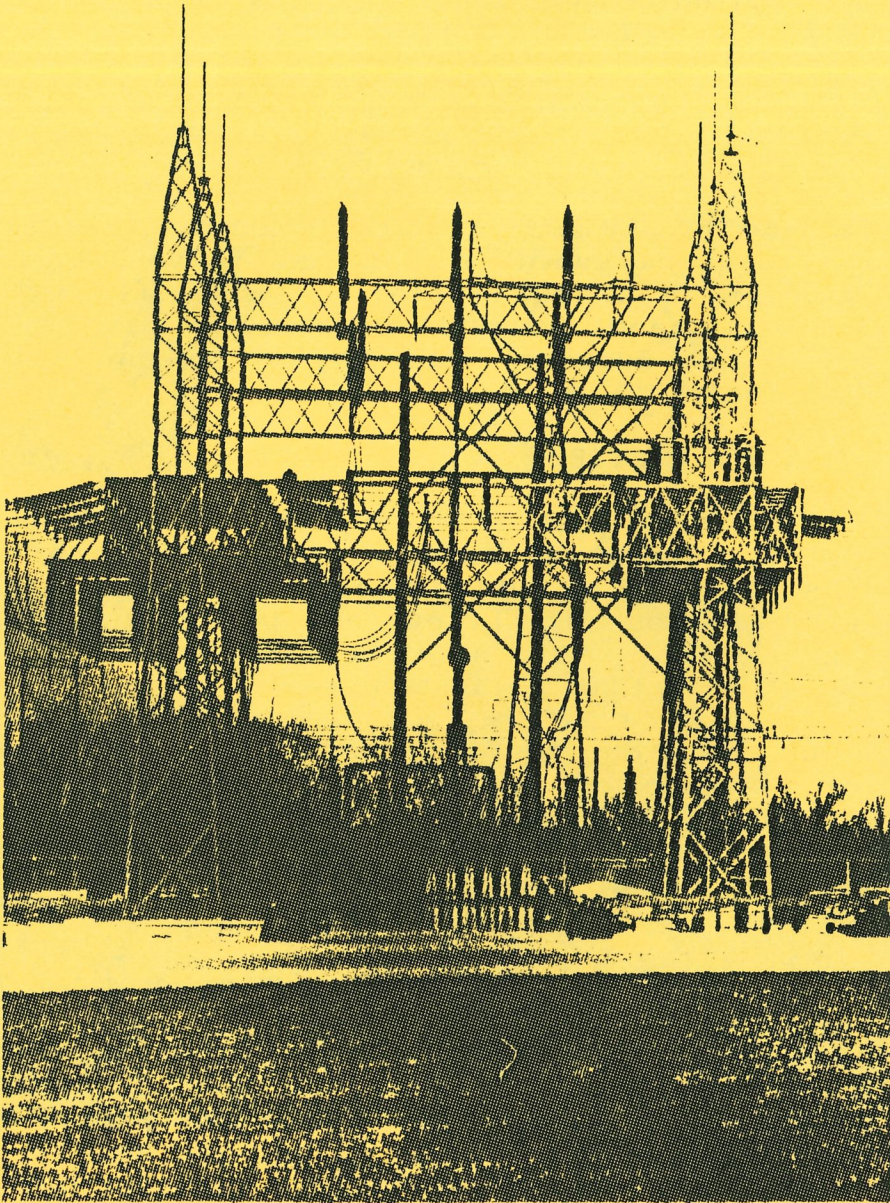
BACKGROUND ON THE UTILITY RATEMAKING PROCESS

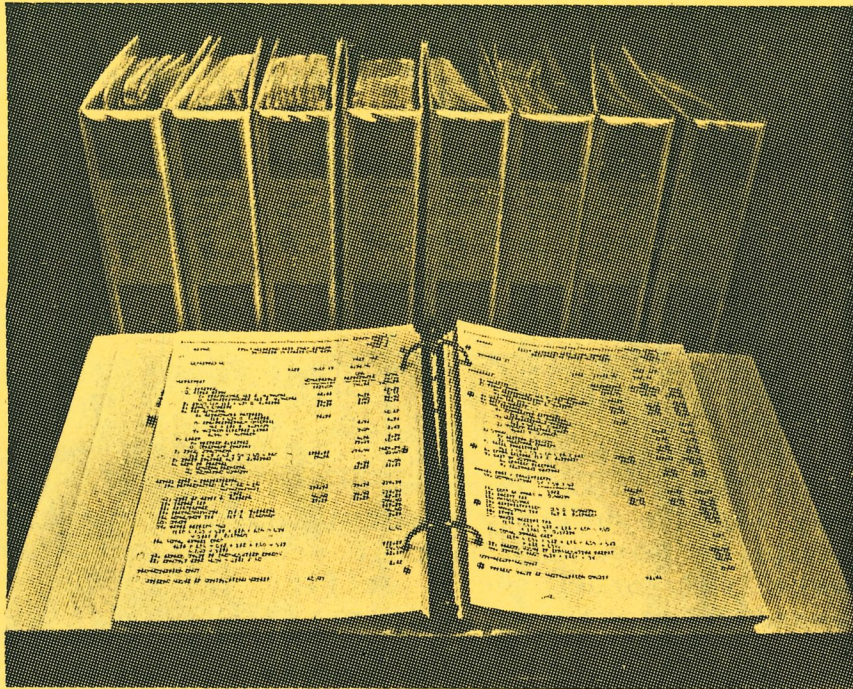
A public utility sells a product---electricity, natural gas, or telephone service---which is essential to modern living. Because this product is essential, the government has taken steps to help protect consumers in two ways:

- to help keep utility costs affordable
- and to help keep the utility company in good financial health.

While these may seem to be contradictory goals, they are not. A utility cannot survive without customers who can afford to pay for the utility's services, and consumers would be severely hurt if economic hardships were to force their utility to reduce or cease to provide utility service.

This government intervention, which attempts to balance the needs of consumers with the needs of the utility that serves those consumers, is called **regulation**. The Kansas Corporation Commission (KCC) is the state agency responsible for regulating the utilities of Kansas. This authority is given to the Kansas Corporation Commission by laws enacted by the Kansas State Legislature.





PHYSICALLY, THE RATE APPLICATION IS A SERIES OF BOOKS FILLED WITH EVIDENCE THAT DETAILS THE ECONOMIC CONDITION OF THE COMPANY AND SUPPORTS THE COMPANY'S REQUEST FOR INCREASED EARNINGS. THESE BOOKS ARE DELIVERED TO THE KCC OFFICES IN TOPEKA AND OPENED FOR KCC AND PUBLIC INSPECTION. IT IS AT THIS POINT THAT THE RATEMAKING PROCESS BEGINS.

THE RATE APPLICATION:

When a utility feels that it needs to increase its earnings, that utility asks the Kansas Corporation Commission for permission to raise the rates it charges to its customers. This request to raise rates is formally called the **rate application**. Generally, a utility will file a Rate Application whenever that utility feels that its present earnings will not cover expenses and provide adequate dividends to stockholders.

THE KANSAS CORPORATION COMMISSION AND STAFF:

In order to understand the ratemaking process, you must first understand how the Kansas Corporation Commission is set up.

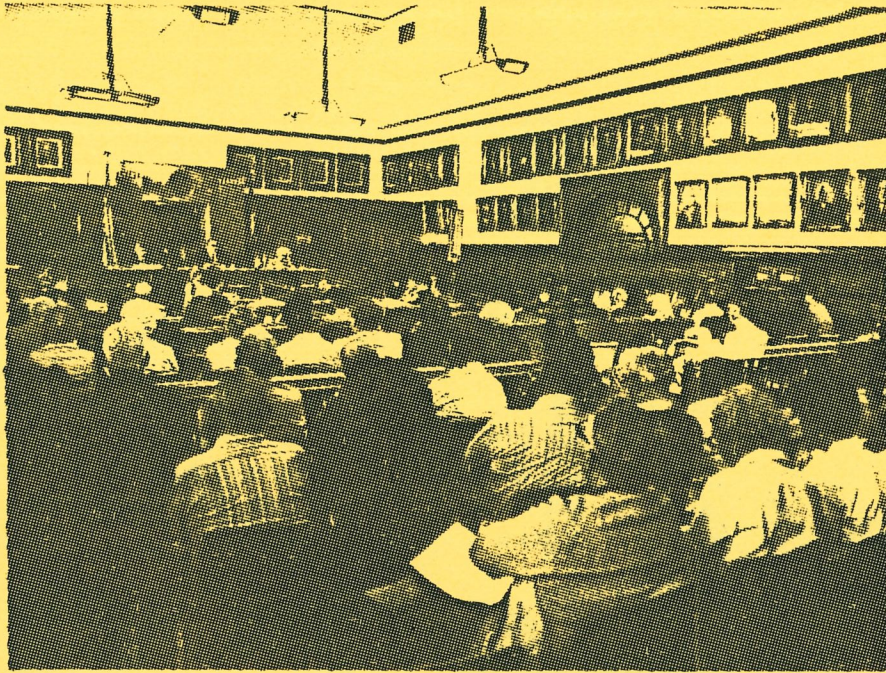
The KCC consists of three Commissioners and the staff. These three Commissioners are appointed by the Governor for four-year staggered terms. Of the three Commissioners, no more than two can be of the same political party and each one must receive the approval of the Kansas State Senate.

The KCC Staff is formed of utility regulation experts such as engineers, lawyers, accountants, economists, rate design specialists, and other support personnel.

The Staff operates independently of the Commission just as a lawyer would operate independently of a judge in a legal trial. At the filing of the Rate Application, the Staff forms a task force to review the utility's evidence. In a major rate case, thousands of man hours are spent in examining this evidence to insure that it is accurate and that it truly does point toward the need for additional revenue (earnings). At the end of this review period, the task force prepares its recommendations for presentation to the Commission during the rate hearing proceedings.



KCC STAFF MEMBERS UTILIZE MODERN METHODS TO ANALYZE RATE APPLICATIONS AND INFORMATION FROM UTILITY COMPANIES, INCLUDING COMPUTERIZED DATA PROCESSING.



THE COMMISSION SITS AS A PANEL TO HEAR ALL TESTIMONY IN RATE CASES AND MEETS TOGETHER TO MAKE THE FINAL DECISIONS IN EACH CASE.



THE RATE CASE:

The presentation of evidence takes place during the **rate hearings**. At these hearings, each side makes its best case before the Commission.

- * the utility offers its justification for requesting a rate increase.
- * the Commission's staff points out problems in the Rate Application and recommends adjustments to the utility's request.
- * and other interested parties, including the public, voice their opinions as to the proper treatment of this matter.

There are two kinds of rate hearings --- the formal hearings and the public hearings. Technical matters are investigated at the formal hearings, while the public hearings allow input from the ratepayers. Both of these kinds of hearings are open to the public, but only lawyers may address the Commission at the formal hearings. Conversely, no legal or professional testimony is permitted at public hearings.



FRUSTRATION AND CONCERN ARE OFTEN EXPRESSED BY PERSONS TESTIFYING AT KCC PUBLIC HEARINGS, SUCH AS IN KANSAS CITY, KANSAS (ABOVE), AND OVERLAND PARK (BELOW).



THE RATE DECISION:

The end product of the Rate Case is the **rate decision** (also called the **rate order**). It is in the Rate Decision that the Commission states its final findings on the Rate Application. In the Rate Decision, the Commission must---at minimum---determine the **revenue requirement** and the **rate design**.

The **revenue requirement** is the amount of money that the utility must earn each year in order to continue to provide adequate service. The **revenue requirement** consists of two major components:

- * funds needed to cover the company's legitimate expenses.
- * and the amount of money needed to provide a fair and reasonable return on investment.

The **rate design** specifies how the company is to collect its additional revenues from the various classes of residential, commercial, and industrial ratepayers.

The applying utility proposes a **rate design** in its rate application. The Commission then has the right to accept, modify, or refuse the company's proposal. The Commission bases its Rate Design decisions on the principle of **cost-of-service**. **Cost-of-service** means that the charges levied against a customer should be proportional to the expense that customer puts on the utility.

It should be noted that THE COMMISSION DOES NOT GUARANTEE THE UTILITY A PROFIT. If the evidence indicates a legitimate need, the Commission allows the company to raise its rates. Should the company fail to operate at the Commission's high standards of efficiency, or should externalities reduce the company's earnings, those losses and additional expenses will result in a reduction of the company's profit. Through this provision, the Commission gives the company an incentive to keep costs as low as possible.

By law, the rate decision must be issued within 240 days of the rate filing. If the Commission were to not issue a decision within this length of time, the entire utility request would automatically go into effect.

APPEALS:

If any of the parties included in the Rate Case are dissatisfied with the Rate Decision, they may ask the Commission for a rehearing.

Ultimately, the decisions of the Kansas Corporation Commission are subject to appeal before the Kansas Court of Appeals. The appeal process insures that the KCC cannot make decisions which are arbitrary, capricious, or unsupported by substantial competent evidence. This is why the Commission's public hearings must follow legal procedures and practices. The transcripts of this hearing are a part of case record and are subject to court review during an appeal.

THE CONSUMER INFORMATION BOARD is an advisory council sponsored by the Kansas Corporation Commission. The CIB is formed of volunteer representatives from various consumer groups who believe that ratepayers should more fully participate in the regulatory process. It is at the request of the Consumer Information Board that this handbook has been produced and distributed.

THE CONSUMER INFORMATION BOARD:

Wichita/Sedgwick County Energy Advisory Board

Unitarian Universalist Service Committee

Energy Adventure Center of the Wichita Public Schools

Women in Energy

Kansas Association of Commerce & Industry

Topeka Homebuilders Association

Kansas Solar Energy Society

East Central Kansas Economic Opportunity Corporation

Kansas City Chamber of Commerce

United Farm Wives of America

The Land Institute

Mid-America Coalition for Energy Alternatives

Garden City Citizens Energy Advisory Board

Kansas Energy Office

Kansas Cooperative Council

Wichita Area Chamber of Commerce

Kansas Alliance for Sensible Energy

Shawnee County Community Action Agency

Harvest America Corporation

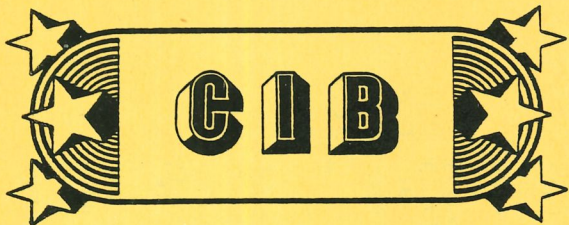
Western Kansas Manufacturer's Association

Kansas Farmers Union

Kansas Department of Aging

League of Women Voters

Central Conference Mennonite Church



THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS
Fourth Floor, State Office Bldg.

TOPEKA, KANSAS 66612



NEWSLETTER NOV. 16, 1983

From The Consumer Information Board Of The
Kansas Corporation Commission

President: Margaret Bangs (316)682-5763

Staff Coordinator: Gretchen Gleue (913)296-7765

NOVEMBER CIB MEETING

THE SCHEDULE FOR THE NOVEMBER 29 CONSUMER INFORMATION BOARD HAS BEEN DETERMINED.

9:00 to 9:15 A.M.	WELCOME
9:15 to 10:00	SUMMARY OF CURRENT CASES BEFORE KCC, BY BRIAN MOLINE, CHIEF COUNSEL
10:00 to 10:15	BREAK
10:15 to 11:00	DISCUSSION OF UPCOMING LEGISLATIVE SESSION AND KCC, BY BRIAN MOLINE AND A KANSAS LEGISLATOR
11:00 TO NOON	MEETING WITH THE COMMISSIONERS AND CHAIRMAN LENNEN
NOON TO 1:30 P.M.	LUNCH--A ROOM OFF THE CAFETERIA HAS BEEN RESERVED FOR THOSE WHO WISH TO EAT DOWNSTAIRS
1:30 TO 2:15	"HOME ENERGY PATTERNS - AN OVERVIEW" BY JIM MYERS, WICHITA ENERGY OFFICE
2:15 TO 3:00	WOLF CREEK TASK FORCE UPDATE, EMILY WELLMAN AND BOB FILLMORE
3:00 TO 3:15	BREAK
3:15 TO 4:00	"PUBLIC INTEREST AND NATURAL GAS POLICIES" BY JOHN CLARK, UNIVERSITY OF KANSAS

ALL THE CIB MEMBERS HAVE BEEN INVITED BY MARI PETERSON TO AN OPEN HOUSE AT THE KANSAS NATURAL RESOURCE COUNCIL OFFICE. MARI SAID THIS WILL BE A CASUAL GET-TOGETHER ALLOWING US THE OPPORTUNITY TO LEARN ABOUT THEIR PROGRAM.

KCC ESTABLISHES CONSUMER COMPLAINT DIVISION

THE PUBLIC INFORMATION OFFICE UNDERWENT SOME CHANGES THIS SUMMER. CHARLES JONES AND TOM TAYLOR OF THE PUBLIC INFORMATION OFFICE DEVELOPED A PLAN TO PROVIDE MORE COMPREHENSIVE INFORMATION FOR THE COMMISSIONERS ABOUT CONSUMER COMPLAINTS AND TO SYSTEMATICALLY HANDLE INQUIRIES AND COMPLAINTS. THEY PROPOSED A CENTRALIZED COMPLAINT HANDLING PROCESS WITHIN THE KCC TO INSURE THAT FOLLOW-UP ON INQUIRIES AND COMPLAINTS WAS PROMPT AND SATISFACTORY. THIS RESULTED IN SETTING UP THE COMPLAINT INVESTIGATION AND MEDIATION DEPARTMENT WITHIN THE PUBLIC INFORMATION OFFICE.

CHARLES JONES, FORMERLY THE STAFF COORDINATOR FOR THE CIB, WAS PROMOTED TO HEAD THE NEW SECTION AS CONSUMER PROTECTION ADMINISTRATOR. IN ADDITION TO CHARLES, THE STAFF CONSISTS OF PATTI-LOU REED, LLOYD BAKER AND GRETCHEN GLEUE. (GARY DAWDY, RICK RIGGS, GENE HIEBSCH AND LOWELL SHAFER PROVIDE THE COMPLAINT DEPARTMENT WITH TECHNICAL AND CONTINGENCY SUPPORT.) MS. REED INITIALLY RECEIVES TELEPHONE COMPLAINTS, BEFORE THEY ARE ASSIGNED TO STAFF, TAKING THE ESSENTIAL INFORMATION. SHE IS SECRETARY FOR THE PUBLIC INFORMATION OFFICE AND IS AN ACCOMPLISHED ACTRESS AND SINGER. PATTI-LOU HAS RECEIVED RAVE REVIEWS THIS FALL FOR HER LEADING ROLES IN "ANNIE GET YOUR GUN" AND "GOODBYE CHARLIE." MR. BAKER COMES TO OUR OFFICE FROM THE TRANSPORTATION DIVISION OF THE KCC WHERE HE WAS AN INVESTIGATOR. PRIOR TO THAT, LLOYD WAS A CAPTAIN IN THE KANSAS HIGHWAY PATROL. HIS 25 YEARS WITH THE PATROL AND 7 1/2 YEARS IN THE KCC ARE QUITE HELPFUL IN HIS POSITION AS AN INVESTIGATOR. GRETCHEN GLEUE JOINED THE STAFF IN SEPTEMBER AS A RESEARCH ANALYST. SHE TAKES OVER FROM CHARLES JONES AS STAFF COORDINATOR OF THE CONSUMER INFORMATION BOARD. GRETCHEN JOINS THE KCC AFTER WORKING 7 YEARS FOR SOCIAL AND REHABILITATION SERVICES, WHERE HER WORK INCLUDED HELPING PEOPLE WITH UTILITY PROBLEMS. SHE WILL COMPLETE HER B.B.A. IN MANAGEMENT AT WASHBURN UNIVERSITY IN TOPEKA NEXT DECEMBER. SHE IS ALSO ACTIVE IN THE TOPEKA BOYS CLUB AS A SPECIAL PROJECTS VOLUNTEER.

MAJOR DUTIES FOR THESE INDIVIDUALS ARE TO RESPOND TO CONSUMER OR PUBLIC INQUIRIES; TO INVESTIGATE COMPLAINTS FILED BY CONSUMERS AGAINST UTILITIES OR COMMON CARRIERS; TO MEDIATE BETWEEN CONSUMERS AND UTILITIES/COMMON CARRIERS TO RESOLVE INFORMAL COMPLAINTS; TO PROVIDE A MONTHLY REPORT DESCRIBING THE NATURE, AMOUNT, AND DISPOSITION OF CONSUMER COMPLAINTS/INQUIRIES; TO PROVIDE CUSTOMER SERVICE INFORMATION PERTAINING TO SPECIFIC RATE CASES BEFORE THE COMMISSION; AND TO PROVIDE SUPPORT TO COMMISSION STAFF IN THE FORMAL COMPLAINT HEARINGS.

KCC COLD WEATHER UTILITY POLICY

THE COMMISSION FORMALLY ADOPTED AN EXTENSIVE COLD WEATHER SHUT-OFF RULE FOR ELECTRIC AND GAS UTILITY COMPANIES AND THEIR CONSUMERS. THE POLICY WILL BE IN EFFECT EACH YEAR FROM NOVEMBER 15 TO MARCH 31. THE PURPOSE OF THE POLICY IS THREE-FOLD: TO INSURE THAT HUMAN HEALTH AND SAFETY ARE NOT UNREASONABLY JEOPARDIZED DURING COLD WEATHER MONTHS; TO DEVELOP MORE MANAGEABLE FINANCIAL PLANNING OF UTILITY BILLS; AND TO PROVIDE A METHODOICAL AND EFFECTIVE SYSTEM OF PAYING UTILITY BILLS.

CUSTOMERS MUST MEET A GOOD FAITH TEST IN ORDER FOR SERVICE TO BE RESTORED OR TO PREVENT TERMINATION. THE CUSTOMER GUIDELINES INCLUDE:

- 1) THE CUSTOMER MUST INFORM THE UTILITY THEY ARE UNABLE TO PAY THE BILL IN FULL;

- 2) THE CUSTOMER MUST GIVE ADEQUATE INFORMATION TO ALLOW THE UTILITY TO MAKE A PAYMENT AGREEMENT;
- 3) THE CUSTOMER MUST AGREE TO A LEVEL PAYMENT PLAN TO PAY FOR CURRENT AND FUTURE CONSUMPTION;
- 4) THE CUSTOMER MUST MAKE AN INTRODUCTORY PAYMENT OF AT LEAST \$45 OR 25% OF THE MOST RECENT BILL--WHICHEVER IS LARGER; PLUS 1/12TH OF WHATEVER IS OWED ON ARREARS. ALSO, THE CUSTOMER MUST AGREE TO PAY OFF THE AMOUNT OWED ON PAST BILLS IN EQUAL INSTALLMENTS OVER A 12 MONTH PERIOD;
- 5) THE CUSTOMER MUST APPLY FOR FEDERAL, STATE, LOCAL, OR OTHER FUNDS (SUCH AS LIEAP) HE MAY BE ELIGIBLE TO RECEIVE;
- 6) CUSTOMERS ARE NOT ELIGIBLE UNDER THIS POLICY IF THEY ILLEGALLY DIVERT UTILITY SERVICE OR DEFAULT ON A PAYMENT PLAN.

THE COMMISSION ALSO SET COLD WEATHER POLICY GUIDES FOR THE COMPANIES. THEY MUST GIVE CUSTOMERS NOTICE OF THE COLD WEATHER BEFORE NOVEMBER 15; INFORM THE CUSTOMERS OF AGENCIES WITH FUNDS TO ASSIST WITH UTILITY BILLS; MUST TRY TO CONTACT THE CUSTOMER BY PHONE PRIOR TO DISCONNECTION; AND MUST NOT DISCONNECT ANY CUSTOMER IF THE TEMPERATURE IS EXPECTED TO FALL BELOW FREEZING IN THE FOLLOWING 24-HOUR PERIOD.

IT IS NOT THE INTENTION OF THE COMMISSION FOR THIS POLICY TO ALLOW CUSTOMERS NOT TO PAY FOR UTILITY SERVICE. THE CUSTOMER REMAINS OBLIGATED "TO PAY FOR PAST, CURRENT OR FUTURE CHARGES FOR UTILITY SERVICE." THE POLICY IS AN ATTEMPT TO PROVIDE A CONVENIENT METHOD FOR RECONNECTION AND PAYMENT OF CURRENT AND PAST BILLINGS.

AN EMERGENCY RULE REGULATING UTILITY TERMINATION AND RECONNECTION WAS ADOPTED IN DECEMBER 1982. THE RULE ALLOWED APPROXIMATELY 3,900 HOUSEHOLDS TO OBTAIN SERVICE. THE EMERGENCY RULING ENDED MARCH 15, 1983. THE NEW RULE WAS ADOPTED AFTER THE COMMISSION HAD RECEIVED INPUT FROM VARIOUS UTILITY COMPANIES AND SOCIAL SERVICE AGENCIES.

LOWER GAS RATES THIS WINTER

MANY NATURAL GAS CUSTOMERS IN KANSAS HAVE WELCOME NEWS THIS WINTER, SINCE GAS PRICES ARE EXPECTED TO BE ABOUT 15 PERCENT BELOW LAST WINTER'S PER UNIT PRICES. THIS IS BECAUSE OF A LARGE DROP IN THE WHOLESALE PRICE OF GAS BY THE NORTHWEST CENTRAL PIPELINE OF OKLAHOMA LAST SPRING. THAT IS THE COMPANY THAT SUPPLIES NATURAL GAS TO MANY OF THE KANSAS DISTRIBUTION COMPANIES, INCLUDING GAS SERVICE, UNION GAS AND KPL GAS CUSTOMERS IN ATCHISON, EMPORIA, LANSING AND LEAVENWORTH.

EVEN THOUGH THE UNIT PRICE OF NATURAL GAS IS LOWER THIS WINTER, CONSUMERS SHOULD BE AWARE THAT LAST WINTER WAS RELATIVELY MILD. IF THIS WINTER IS COLDER, CUSTOMERS MAY USE A LARGER AMOUNT OF GAS AND HAVE A HIGHER OVERALL BILL, EVEN THOUGH THE UNIT PRICE (MCF--1,000 CUBIC FEET) IS LOWER.

IN SEPTEMBER, THE KCC GRANTED THE GAS SERVICE COMPANY A PERMANENT RATE INCREASE OF \$9,707,110 (ABOUT 2.7 PERCENT INCREASE IN ANNUAL REVENUES). THE COMPANY HAD REQUESTED A 7 PERCENT INCREASE, OR AN INCREASE OF \$24,775,437.

IT IS IMPORTANT TO NOTE, HOWEVER, THAT THIS INCREASE IN ANNUAL REVENUES WILL NOT MEAN AN ADDITIONAL INCREASE TO CUSTOMERS THIS WINTER. THIS IS BECAUSE THE COMMISSION GRANTED GAS SERVICE AN INTERIM RATE INCREASE OF \$3.5 MILLION IN JUNE 1983. DURING THE INTERIM PERIOD OF JUNE THROUGH OCTOBER, THE COMPANY COLLECTED MORE ON A MONTHLY BASIS FROM CUSTOMERS THAN THE COMMISSION ULTIMATELY ALLOWED. THE COMMISSION'S FINAL RULING MEANS A REFUND OF ABOUT \$1.15 MILLION IS DUE TO CUSTOMERS, IF GAS SERVICE ACTUALLY COLLECTED THE FULL \$3.5 MILLION TENTATIVELY GRANTED BY THE COMMISSION.

THE ACTUAL AMOUNT COLLECTED JUNE THROUGH OCTOBER BY GAS SERVICE WILL NOT BE DETERMINED UNTIL LATER THIS YEAR. GAS SERVICE WAS DIRECTED BY THE COMMISSION TO FILE EVIDENCE BY DECEMBER 1ST. ANY REFUND WILL BE CREDITED TO CUSTOMERS BILLS (THROUGH A LOWER PURCHASED GAS ADJUSTMENT), INSTEAD OF A DIRECT CASH REFUND.

THE COMMISSION REJECTED THE GAS SERVICE REQUEST TO INCREASE THE MONTHLY CUSTOMER CHARGE TO \$7.00 AND DISALLOWED THE REQUEST FOR THE ADDITION OF A MONTHLY "FACILITIES CHARGE."

MANY CIB MEMBERS WERE ACTIVE IN PUBLICIZING THE GAS SERVICE PUBLIC HEARINGS AND THERE WAS EXCELLENT ATTENDANCE AT ALL OF THEM. IN THE ORDER, THE COMMISSION POINTED TO THE PUBLIC OPPOSITION OF SUCH THINGS AS THE FACILITIES CHARGE AND INCREASING THE CUSTOMER CHARGE. CONSUMER RESPONSE AT THE PUBLIC HEARINGS DOES MAKE A DIFFERENCE.

FIRST CLASS



HOUSE COMMITTEE ON
GOVERNMENTAL ORGANIZATION

HB 2912

FEBRUARY 23, 1984

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THANK YOU FOR ALLOWING ME THE OPPORTUNITY TO SPEAK IN OPPOSITION TO HB 2912, CREATING THE CITIZEN UTILITY BOARD.

I AM THE GOVERNMENTAL AFFAIRS DIRECTOR FOR THE UNITED TELEPHONE COMPANY OF KANSAS. WE SERVE APPROXIMATELY 66,000 CUSTOMERS IN 106 COMMUNITIES AS A TELEPHONE UTILITY.

IN THE INTEREST OF TIME, MR. CHAIRMAN, AND REALIZING THERE ARE MANY CONFEREES WHO HAVE, OR WILL VOICE SIMILAR CONCERNS TO THOSE I HAVE ON THIS PARTICULAR PIECE OF LEGISLATION, I WILL MERELY HIGHLIGHT MY MAJOR AREAS OF OPPOSITION.

FIRST OF ALL, I AM AT A LOSS TO DETERMINE THE NEED FOR SUCH AN ORGANIZATION. WHAT WILL IT ACCOMPLISH THAT THE NEARLY 200 EMPLOYEES OF THE KANSAS STATE CORPORATION COMMISSION HAVE NOT? IS THIS A MESSAGE TO THE COMMISSION THAT THEY HAVE INADEQUATELY REPRESENTED RESIDENTIAL CONSUMERS' INTERESTS? AFTER SITTING THROUGH SEVERAL RATE HEARINGS OVER THE YEARS AND ATTENDING FIELD HEARINGS, I CERTAINLY FEEL THE RESIDENTIAL CONSUMER HAS BEEN MORE THAN ADEQUATELY REPRESENTED AND BEEN GIVEN AMPLE OPPORTUNITY FOR INPUT IN KANSAS.

Atch. II

IF THERE IS A PROBLEM, IS THIS THE APPROPRIATE CURE? I
THINK NOT.

SECONDLY, IS IT THE INTENT OF THE KANSAS LEGISLATURE TO
ESTABLISH BY LEGISLATIVE FIAT AN APPARENT ADVOCACY ORGANIZATION?
OTHER ADVOCACY GROUPS HAVE STARTED QUITE NICELY ON THEIR OWN
(SUCH AS KANSANS FOR FAIR ELECTRICITY) - BOUND BY A COMMON
CAUSE - NOT BEGUN BY A STATE LAW OR REQUIRED BILL INSERTS.

FINALLY, THE ESTABLISHMENT OF THE PRECEDENT OF REQUIRING
UNITED TELEPHONE TO INSERT CITIZEN UTILITY BOARD MESSAGES IN
OUR BILLS GREATLY CONCERNS ME. WOULD THIS OPEN THE DOOR TO
ANY OR ALL OTHER NON-PROFIT GROUPS TO JOIN IN THE LINE TO
FREE ACCESS TO OUR CUSTOMERS' HOMES VIA THEIR TELEPHONE BILL?
WHAT LEGITIMATE ARGUMENTS WOULD THERE BE TO TURN THEM DOWN?

THANK YOU FOR YOUR TIME MR. CHAIRMAN AND COMMITTEE MEMBERS.
I'LL BE HAPPY TO TRY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

RESPECTFULLY SUBMITTED,

JEFF RUSSELL
DIRECTOR OF GOVERNMENTAL AFFAIRS
UNITED TELEPHONE COMPANY OF KANSAS

STATEMENT ON HB 2912
TO THE HOUSE GOVERNMENT AFFAIRS COMMITTEE
MARCH 1, 1983

Mr. Chairman and Members of the Committee, my name is Lon Stanton. I'm regional government affairs manager for Northern Natural Gas Company, a division of InterNorth, Inc. I'm appearing here today on behalf of Peoples Natural Gas Company which is also an InterNorth division.

We're certainly not opposed to a group of people organizing to watch out for their own special interests by appearing before regulatory bodies or lobbying the Legislature. Many are already doing that. I counted about 360 in the directory put out by the Secretary of State. But, as far as I know, not a single one of these groups has ever asked the Kansas Legislature to give them free mailing privileges like House Bill 2912 asks you to give this proposed Citizens Utility Board.

You heard in earlier testimony that Missouri voters had turned down a CUB proposal. It's my understanding that a committee of the Nebraska Legislature unanimously rejected a CUB bill just a few days ago. I would urge this committee to reject HB 2912.

Thank you, Mr. Chairman. I'll be happy to try to answer any questions.

Atch. III

Kansas Natural Resource Council

Hearing before the House Governmental Organization Committee

SUBJECT: H.B. 2912 "Citizen's Utility Board"

DATE: February 23, 1984

My name is Marsha Marshall, and I represent Kansas Natural Resource Council, a non-profit public interest group based in Topeka which focuses on energy and natural resource issues. I also serve as KNRC's representative on the Consumer Information Board of the Kansas Corporation Commission.

As a member of the CIB I want to make a distinction between CIB and CUB. Both organizations share a common goal of increasing consumer participation in the rate making process. The difference lies in where consumers are encouraged to or are able to participate. While CIB encourages participation in public hearings, CUB provides the small customer class with the capability to intervene in rate hearings. Thus CUB would allow a much greater opportunity for consumers to influence rate making decisions. I do not want to minimize the importance of the Consumer Information Board or the work we have done; nevertheless, CIB is not an adequate substitute for CUB. The two are complementary, not competing, organizations. (The Consumer Information Board was initiated in 1980 and currently has twenty-five organizations represented in its membership.)

Two factors make Kansas a particularly viable state for a Citizen's Utility Board: 1) the state has a large number of rural customers, and 2) telephone deregulation poses a threat to the concept of universal ser-

vice that is vital to these rural customers. Emphasis on competition at the expense of universal service could well drive phone rates for rural residents up so much that many of these people may be forced to give up their phones altogether.

As legislators, you are doubtless becoming aware of the increasing frustration of rate payers as they face endless increases in all of their utility rates. As larger percentages of their incomes are used to pay these bills, citizens will demand a larger voice in the rate making process. KNRC believes that a Citizen's Utility Board is the best vehicle for citizen participation. I urge your favorable passage of H.B. 2912.

Thank you for your attention.



United Community Services of Johnson County, Inc.
5311 Johnson Drive, Shawnee Mission, Kansas 66205
913/432-8424

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TO : Members of the House Governmental Organization Committee
FROM: Kathie Champlin, Legislative Committee Chair
DATE: March 1, 1984

I am Kathie Champlin, board member of United Community Services of Johnson County, a citizen-based social service planning and coordinating agency.

Today we are witnessing more and more people who are powerless. There are 987 families in the Metropolitan Kansas City area who have recently had their utilities turned off.

The rest of us who can still afford to heat our homes are, nevertheless, basically powerless. We turn down the thermostat, and our utility bills go up, and we wonder: is there anything we can do?

You have before you a bill that specifies the structure and rights for a citizen utility board. It costs the state no money, no paper work, and no additional bureaucracy. It offers residential customers an opportunity to pool our resources, hire legal staff, and have an equal footing at formal rate hearings.

Under our present system, individual testimony is primarily confined to "public" hearings. We can no longer be satisfied with the illusion of action. We need to be represented by an attorney, armed with research, facts and figures. Only by pooling our resources through a citizen utility board can we gain power over decisions affecting the necessities of life.

The Legislative Committee of United Community Services urges you to pass HB 2912 in support of a citizen utility board.

ADVISORY COUNCIL

social and rehabilitation services

TO : Members of the House Governmental Organization Committee
FROM: Gina Pulliam, Chairman
SRS Advisory Council of Johnson County
DATE: February 23, 1984
RE : HB 2912, Citizen Utility Board

The SRS Advisory Council of Johnson County supports the creation of a Citizen Utility Board. We believe greater participation and representation of consumers in utility-related decisions is important.

As a citizen organization concerned about services for low-income people, our council is concentrating much of its time on utility issues. It is difficult for individuals and for multi-issue groups such as ours to keep current and well-informed on the many regulations and policies impacting utility rates. A Citizen Utility Board is needed to focus on consumer interest, and act as an advocate for all utility customers in both legislative and regulatory action.

Voluntary contributions are an appropriate method of funding a Citizen Utility Board. It allows the recipients of the service to pay the expenses and does not put additional strain on the state budget. We understand Missouri is considering adopting this means of financing its consumer advocacy program.

We urge your support of a Citizen Utility Board.

Dorothy Ballard
Ken Betterton
Sherry Briggs
Carole Cassidy
David Coe
Gloria Cohn
Wilma Dickey
Claire Ewert
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Susan Smokowicz
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Evelyn VanKemseke

2/21/84

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

909 Topeka Boulevard-Annex

913/354-7478

Topeka, Kansas 66612

February 23, 1984

TO THE HOUSE GOVERNMENT ORGANIZATION COMMITTEE:

I am Ed Reinert speaking for the League of Women Voters of Kansas in support of HB 2912 (Citizens Utility Board).

In accordance with longstanding beliefs by the League of Women Voters in the citizens right to know and participate in government activities the Kansas League supports the creation of a Citizens Utility Board.

It is understood that the membership of the CUB would be open to all residential utility consumers and that the Board would promote certain established LWV's concerns such as citizen education, the conservation of energy, and the redesign of utility rate structure.

It is to be hoped that through informed citizen participation some utilities will be able to do a better job of predicting future needs and by sharing knowledge feel less impelled to overbuild facilities out of fear of falling short. It is also to be hoped that through such a Board that both the government and the utilities could get another view point as to what the consumer actually wants in the way of services.

Ed Reinert

Ed Reinert
LWVK Lobbyist

Atch. VII