

Approved March 5, 1985
Date

Sub-
MINUTES OF THE HOUSE COMMITTEE ON ENERGY

The meeting was called to order by Representative Jim Patterson at
Chairperson

3:30 ~~xx~~ a.m./p.m. on February 13, 1985 in room 313-S of the Capitol.

All members were present except:

Committee staff present:

Theresa Kiernan, Revisor of Statutes Office
Ramon Powers, Legislative Research

Conferees appearing before the committee:

Representative Darrel Webb
George Dugger
Nadine Birch
Ed Rider
Jim Haynes
Richard D. Kready
Brian Moline

The meeting was called to order by Chairman Patterson for purpose of hearing HB 2100 and possible action on HB 2037 and HB 2041.

Representative Darrel Webb briefed the committee on HB 2100 relating to rates of public utilities. The bill states if an essential use rate is approved, it shall apply on a monthly cycle. This is intended to help the elderly and others on fixed income. (Attachment No. 1)

George Dugger of the Kansas Department of Aging testified in favor of HB 2100 stating the bill is one way to help meet the energy assistance needs of the elderly and poor. Older Kansans have identified the cost of utilities as their No. 1 problem. (Attachment No. 2)

Nadine Birch representing the Kansas Coalition on Aging recommended passage of HB 2100 on the basis of the bill's priority for the adoption of a conservation rate for residential utility users.

Ed Rider testifying for the League of Women Voters urged passage of HB 2100.

Jim Haynes, attorney for Kansas Gas & Electric Company, testified in opposition to HB 2100. In his opinion the bill is unnecessary, as the Kansas Corporation Commission presently has the authority to approve or even compel a utility company to adopt an essential service rate. The basis for Kansas Gas & Electric's opposition is in lines 43 & 44 and 80 & 81 of the bill where it states: "such rates shall apply on a billing cycle basis." Mr. Haynes stated that by requiring the Kansas Corporation Commission to do this, the Commission's hands are inappropriately tied. He further stated it is not possible through rate design to solve individual cases or extreme problems.

Richard D. Kready, Manager of Governmental Affairs for Kansas Power & Light Company and The Gas Service Company, testified in opposition to HB 2100. He stated it was their belief each class of customer should pay for each unit of energy, electricity or gas, it uses with a rate based as nearly as practical on the cost of providing that energy to those customers. Because essential use rates are discriminatory and do not, they feel, effectively serve those they are supposed to help, KPL/GSC is opposed to this approach to rate making. (Attachment No. 3)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY

room 313-S, Statehouse, at 3:30 ~~am~~/p.m. on February 13, 1985

Mr. Brian Moline, counsel for the Kansas Corporation Commission, stated the Commission takes no position on HB 2100. Mr. Moline answered questions from the floor at the request of Representative Webb. Mr. Moline said passage of this bill would serve as a mandate from the Legislature to set essential use rates.

The committee felt more time was needed to study this bill, and no action was taken.

Representative Patrick moved HB 2037 be tabled until such time that the City of Hugoton makes application to the Kansas Corporation Commission for an exception and the Corporation Commission makes its ruling either favorably or negatively.

Representative Spaniol seconded the motion.

The motion passed.

There was a short discussion on HB 2041. It was mentioned provisions outlined in the bill could be a project of the Department of Economic Development. Also, mention was made of a bill by Representative Wilbert that addresses the same problem.

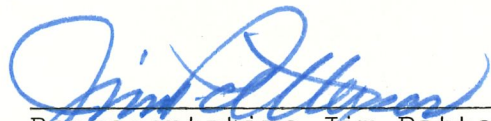
Representative Grotewiel moved no action be taken on the bill until such time as Representative Wilbert's bill is considered.

Representative Acheson seconded the motion.

The motion passed.

The meeting was adjourned at 4:40 p.m.

The next meeting of the Energy Sub-Committee will be at the call of the Chairman.



Representative Jim Patterson
Chairman

STATE OF KANSAS

DARREL M. WEBB
REPRESENTATIVE, DISTRICT 97
SEDGWICK COUNTY
2608 SOUTH FERN
WICHITA, KANSAS 67217



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER ENERGY AND NATURAL RESOURCES
LABOR AND INDUSTRY
LOCAL GOVERNMENT
JOINT COMMITTEE ON STATE
BUILDING AND CONSTRUCTION

Thank you Mr. Chairman.

As you know, Kansas, Gas and Electric Company has filed rate increases to be considered by the Kansas Corporation Commission in the near future.

KG&E has proposed an essential use rate for customers using 500 KWH's or less a month, intended to help the elderly and others on fixed income.

I commend them for the thought, however, they neglect to mention in their Wolf Creek "facts" that in order to qualify you must use 500 KWH's or less for one year. Any month you use 501 KWH's, you start over again.

I can visualize an elderly couple keeping under 500 KWH's until July or August and being afraid to turn on a fan when it's 110 degrees in the shade for fear of going over the 500 KWH's.

HB 2100 states if an essential use rate is approved, it shall apply on a monthly cycle.

Attachment No. 1

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. _____

Kansas Gas and Electric Company
 (Name of Issuing Utility)
 All territory served by the Company
 (Territory to which schedule is applicable)

SCHEDULE RS-185

Replacing Schedule RS-483 Sheet _____

which was filed Apr. 20, 1983, 134,792-U

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 3 Sheets

RESIDENTIAL SERVICE

AVAILABILITY

All residential service in Company's service territory.

APPLICATION

To electric service for domestic purposes only in single family residences and individually metered apartments when supplied at one point of delivery.

Not applicable to breakdown, standby, supplemental, resale or shared service.

Where a portion of a residence unit is used for non-residential purposes, the appropriate general service schedule is applicable to all service. However, if the wiring is so arranged that the service for residential purposes and for non-residential purposes can be metered separately, this schedule will be applied to the residential service.

Service to hotels, recognized rooming or boarding houses or to the halls, basement or other common use portions of an apartment building will not be supplied under this schedule.

There shall be no obligation on the part of the Company to render service under that section of the Net Monthly Rate applicable to electric space heating in the absence of written notice from the customer that he has permanently installed and is using electric space heating in accordance with the specifications set forth in the Net Monthly Rate.

CHARACTER OF SERVICE

Alternating current at approximately 60 cycles, single-phase and at such voltage as Company may have available for the service required.

NET MONTHLY RATE

	<u>Essential Use</u> (Code No. 1)	<u>General Use</u> (Code No. 2)	<u>Seasonal Energy</u> (Code No. 10)
Customer charge	\$9.58	\$ 9.58	\$9.58
Energy charge (per kWh)			
for bills prepared during October through May			
first 500 kWh	5.929¢	8.316¢	8.316¢
additional kWh	-	8.316¢	4.620¢
for bills prepared during June through September	5.929¢	10.290¢	10.290¢

Fuel Adjustment: All kWh will be subject to the applicable Retail Energy Cost Adjustment Clause Rider.

Minimum Bill: The customer charge.

Commission File Number _____

Issued November 8, 1984
Month Day Year
 Effective January 1, 1985
Month Day Year
 By Howard J. Hansen Group Vice President-
Signature of Officer Finance & Title

FILED
 THE STATE CORPORATION COMMISSION
 OF KANSAS
 By _____ Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE RS-185

Kansas Gas and Electric Company
(Name of Issuing Utility)

Replacing Schedule RS-483 Sheet _____

All territory served by the Company

which was filed A.P.F. 20, 1983, 134,792-U

(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 3 of 3 Sheets

RESIDENTIAL SERVICE

DEFINITIONS AND CONDITIONS

1. The codes identified under NET MONTHLY RATE are available to residential customers subject to the following:

Code No. 1 - Essential Use - To be eligible, usage must not have exceeded 500 kWh in any billing month for the current and previous eleven (11) billing months. To remain under this code, usage must not exceed 500 kWh per billing month. Multi-family dwellings, as defined above, are not eligible for service under this code.

Code No. 2 - General Use - All customers not eligible for Code 1 or 10.

Code No. 10 - Seasonal Energy - Customers who meet all space heating requirements with permanently installed electric space heating equipment or with an add-on electric heat pump equipped with a radio controlled load management device.

2. Company will construct, own and maintain the line extension at its expense and will supply all transformers and meters, except in the case of line extensions where the Company cannot be assured that the service to be rendered will be permanent or where satisfactory credit has not been established or where unusual expenditures are necessary to supply service because of the location, size or character of the customer's installation. Such extensions will be constructed only when the applicant makes sufficient cash guarantees of prepaid revenues or other satisfactory arrangements which are sufficient to compensate the Company for the extraordinary expense involved.

3. Extensions from lines operated at voltages in excess of 12,500 volts, or service to motors in excess of 10 hp under the Residential Service Rate will be supplied only at the option of the Company, and in the event such service is supplied, Company reserves the right to make such adjustments in this schedule as it may deem necessary.

Commission File Number _____

Issued November 8, 1984
Month Day Year

Effective January 1, 1985
Month Day Year

By Harold D. Hanson Group Vice President
Signature of Officer Finance Title

FILED
THE STATE CORPORATION COMMISSION
OF KANSAS
By _____ Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

Index No.....

Kansas Gas and Electric Company

SCHEDULE... RS-483

(Name of Issuing Utility)

Replacing Schedule... RS-182 Sheet.....

All territory served by the Company (Territory to which schedule is applicable)

which was filed Jan. 15, 1982, 128,139-U

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

RESIDENTIAL SERVICE

AVAILABILITY

All residential service in Company's service territory.

APPLICATION

To electric service for domestic purposes only in single family residences and individually metered apartments when supplied at one point of delivery.

Not applicable to breakdown, standby, supplemental, resale or shared service.

Where a portion of a residence unit is used for non-residential purposes, the appropriate general service schedule is applicable to all service. However, if the wiring is so arranged that the service for residential purposes and for non-residential purposes can be metered separately, this schedule will be applied to the residential service.

Service to hotels, recognized rooming or boarding houses or to the halls, basement or other common use portions of an apartment building will not be supplied under this schedule.

There shall be no obligation on the part of the Company to render service under that section of the Net Monthly Rate applicable to electric space heating in the absence of written notice from the customer that he has permanently installed and is using electric space heating in accordance with the specifications set forth in the Net Monthly Rate.

CHARACTER OF SERVICE

Alternating current at approximately 60 cycles, single-phase and at such voltage as Company may have available for the service required.

NET MONTHLY RATE

CUSTOMER CHARGE:

\$5.47

ENERGY CHARGE:

For general use billing is at:

6.93c per kwh for the first 500 kwh billed in the months of July through September and for all kwh billed in the months of October through June
6.93c per kwh for all additional kwh billed in the months of July through September. Code No. 2 base

When permanently installed electric space heating equipment is in regular use to supply the entire space heating requirements in the home, or an add-on electric heat pump equipped with a radio controlled device is in regular use for space heating purposes, billing is at:

5.93c per kwh for the first 500 kwh billed in the months of October through June
4.62c per kwh for all additional kwh billed in the months of October through June
6.93c per kwh for all additional kwh billed in the months of July through September. Code No. 10 space heating

Fuel Adjustment: All kwh will be subject to the applicable Retail Energy Cost Adjustment Clause Rider.

Minimum Bill: The customer charge, plus fuel adjustment.

Tax Adjustment: When any city, town or taxing authority imposes a franchise, occupation, gross receipts, business, sales, license, excise, privilege or similar tax upon the electrical operations of this Company within said city, town or taxing authority boundary, the amount thereof shall be charged to each customer within said city, town or taxing authority boundary, in the same form in which it is imposed on the Company. All such taxes so imposed on this Company shall be added as a separate charge to customer's bill for electric service. Any particular class of customer exempted from said tax by said city, town or taxing authority in the calculation of said tax upon the Company shall be exempt from the adder contemplated herein.

Commission File Number 134792 U

Issued April 18, 1983
Effective on sales rendered on and after 4-25-83.
By Howard J. Hausen Vice President
Signature of Officer Finance Title

FILED APR 20 1983
THE STATE CORPORATION COMMISSION OF KANSAS
By Judith A. Conrad Secretary

TESTIMONY ON H.B. 2100
TO HOUSE ENERGY SUB-COMMITTEE
BY KANSAS DEPARTMENT ON AGING
FEBRUARY 13, 1985

BILL SUMMARY:

Allows the KCC to approve essential use rates for public utilities.

BILL PROVISIONS:

1. Allows the KCC to approve essential use rates for public utility products or services.
2. Requires such rates, if approved, to apply on a billing cycle basis.
3. Defines an essential use rate as a rate approved by the KCC after it determines the essential energy needs of residential customers for space heating, water heating, lighting and cooking.

BILL TESTIMONY:

The Kansas Department on Aging (KDOA) supports H.B. 2100 as one way to help meet the energy assistance needs of the elderly and the poor. Older Kansans have identified the cost of utilities as their number one problem. H.B. 2100 would help alleviate this problem by allowing the Kansas Corporation Commission (KCC) to determine what the essential home energy needs of residential customers are and approve a rate which would make the use of an essential amount of home energy affordable.

Recent years have seen an evolutionary shift in utility rate structures away from declining block rates to flat rates. Essential use rates represent a continuation of this trend towards inverted block or conservation rates. In its recent rate application, Kansas Gas and Electric has proposed an essential service rate. Although we have some reservations about the details of their rate structure proposal, we do commend them for recognizing the special needs of low and fixed income families.

There are several options available in implementing essential use rates. As H.B. 2100 proposes, such rates can be available to all residential customers or alternatively they can be made available only to targeted groups, e.g. low-income and elderly. Another option applies to consumption patterns. The essential use rate proposed in H.B. 2100 only applies if total consumption is below the specified essential use amount. Another option is to apply the essential use rate for consumption below the essential use amount and apply to regular rate for consumption above the threshold. KDOA prefers the latter option.

Regardless of the options chosen, KDOA feels strongly that the cooling needs of residential customers must be considered in establishing an essential use amount. In its current form, H.B. 2100 does not allow this. Heat-related illnesses are a major health risk for the elderly so for them, air conditioning is often a health required necessity not a luxury. If essential use amounts are not seasonally adjusted to account for cooling needs, few elderly would be able to benefit from such rates in the summer.

Attachment No. 2

Essential use rates can benefit substantial numbers of low-income and elderly consumers who generally are low volume users of home energy. Large increases in natural gas prices in recent years combined with anticipated large increases in electricity prices have created problems which will not be totally solved by federal energy assistance programs. The federal FY 86 budget request for the LIEAP program contains no increases in appropriations and the request for low-income weatherization shows a 20% decrease. H.B. 2100 can help fill the gap in energy assistance programs. We urge favorable consideration of this bill.

Testimony Before
HOUSE ENERGY SUBCOMMITTEE

House Bill 2100

By Richard D. Kready
Manager of Governmental Affairs

THE KANSAS POWER AND LIGHT COMPANY
and
THE GAS SERVICE COMPANY

February 13, 1985

Mr. Chairman and Members of the Committee:

My name is Richard D. Kready. I am Manager of Governmental Affairs for The Kansas Power and Light Company and for our subsidiary, The Gas Service Company.

I am here today to speak in opposition to HB 2100.

First, let me make clear where we stand on this entire question of utility rates, the question of who pays what. We believe each class of customer should pay for each unit of energy, electricity or gas, it uses, with a rate based as nearly as practical on the cost of providing that energy to those customers. It has always been our policy to establish rates that avoid discrimination and subsidization between customers or classes of customers.

The essential use rate concept would provide a minimum amount of utility service at low cost to residential consumers with the aim of aiding the poor. It is touted as an easy-to-understand program providing a new form of relief without requiring any new tax revenues to support it.

Because essential use rates are discriminatory, and in our opinion do not effectively serve even those they are supposed to help, KPL/GSC is opposed to this approach to ratemaking.

Attachment 3

It is our belief that essential use rates do not offer the panacea alleged, and, in fact, are fraught with more disadvantages than benefits.

For example, essential use rates cannot precisely identify those lower income families in need of relief. No doubt, there are families who, due to family size or appliance mix, are not minimum electricity or natural gas users but are in need of help to pay their higher energy bills. These would be missed by the essential use approach.

If essential use rates were set with a necessity level of 500 kwh, electric water heater use would almost undoubtedly be excluded. Thus, because their appliance mix included electric water heaters, many poor would be disqualified for relief under the essential use concept. Likewise, a family that uses natural gas for space heating, water heating and cooking is obviously less likely to qualify for essential use rates than a customer who uses more than one fuel to serve these purposes, yet that does not reflect the customer's need.

Furthermore, I believe you'll recognize that due to inadequate insulation, inefficient old appliances, etc., many of the poor consume more than the average amount of electricity, and consumption of many of the upper middle income group is below average. Essential use rates, thus, would result in income transfers opposite of those proposed by some of its supporters.

By the same token, there are wealthy, who by their chosen lifestyle are low energy consumers, and they would benefit from this inequitable transfer of wealth. Summer cottages on the lake could qualify for low rates based on the low consumption concept when, in fact, their rates should be higher.

Opposition to essential use rates should be expected from the middle 60 percent of residential electric customers in addition to commercial and industrial users. Another adversely affected group would be the farmers, who

generally are classified as residential users, but whose consumption levels far exceed the average.

Neither the utility meter nor the computer that prepares the monthly bill is able to tell by the amount of energy used whether or not a family is in need of financial relief to survive in today's society. Nor should it be expected to make that determination.

Although we are opposed to this bill, we are very much in support of, and commend this committee's effort toward, looking for a solution addressing the needs of the low-income Kansans.