

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on January 24, 2007 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Tatiana Lin, KSU Legislative Fellow
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:
Dennis Priest, SRS
Marge Petty, KCC

Others in attendance: See attached list

Subcommittee

Chairman Emler announced he had appointed a Subcommittee to work **SB 20** - Kansas Underground Utility Prevention Act. Members are: Senator Apple, chair; Senators Taddiken and Francisco.

Approval of Minutes

Moved by Senator Reitz, seconded by Senator Petersen, the minutes of the Senate Utilities Committee meetings held on January 10, 2007, January 16, 2007, January 17, 2007 and January 18, 2007, be approved. Motion carried.

Low Income Energy Assistance Program (LIEAP) Update

Dennis Priest, Department of Social and Rehabilitation Services, briefed the Committee on the funding for this program by Federal Block Grant and appropriation of state funds by the legislature. LIEAP is a Federal program administered by SRS that provides a one-time a year benefit to eligible low-income households to assist them in paying their heating bill. He reviewed the basic criteria to establish eligibility, the number of applications received and approved, and the table of income guidelines. (Attachment 1)

Committee questioned why many applications were not approved and reasons for rejecting them. Mr. Priest agreed to provide information from their database on the rejected applications.

Cold Weather Rule

Marge Petty, Kansas Corporation Commission, explained the purpose of the Cold Weather Rule and reviewed the customer's responsibility, the Utility company's responsibility and the KCC's responsibility. A five year comparison on disconnects by the major gas and electric service companies was provided and a listing of available assistance programs for housing and energy related needs of Kansas citizens. Ms. Petty also discussed the comparison chart on statistical complaint data from KCC calendar years 1996 and 2006. (Attachment 2)

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 2

Kansas Department of

Social and Rehabilitation Services

Don Jordan, Acting Secretary

Senate Utilities Committee

January 24, 2007

Low Income Energy Assistance Program (LIEAP) Update

EES

Dennis Priest, Assistant Director of EES

For additional information contact:
Public and Governmental Services Division
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Senate Utilities Committee
January 24, 2007
Attachment 1-1

www.srskansas.org
Kansas Department of Social and Rehabilitation Services
Don Jordan, Acting Secretary

Senate Utilities Committee
January 24, 2007

Low Income Energy Assistance Program (LIEAP) Update

Mr. Chairman and members of the Committee, thank you for the opportunity to brief you on the Low Income Energy Assistance Program (LIEAP). My name is Dennis Priest, Assistant Director of Economic and Employment Services for the Department of Social and Rehabilitation Services. LIEAP is a Federal program administered by the agency that provides a one-time a year benefit to eligible low-income households to assist them in paying their heating bill.

Federal funding for the program is distributed to the State in two ways: Block Grant funds which represent the bulk of the funds and are distributed based upon a national allocation formula and Emergency/Contingency funds which are released at the discretion of the President and are not tied to any set distribution methodology. Since the program began in 1982, Federal funding nationwide has increased from \$1.8 billion to last year's \$3 billion plus level (\$1 billion of which was one time only money). The 2007 Federal Block Grant funding has not yet been finalized and the program is currently operating under a continuing resolution based upon a funding level of \$1.98 billion. Based upon this funding, Kansas should receive approximately \$16 million. From the Block Grant funding, SRS transfers 15% to the Kansas Housing Resources Corporation to be used to support their Weatherization Program. This year that transfer will be just over \$2.5 million. For 2007, an additional \$1 million in State funds has also been appropriated to supplement the Federal funding based on action taken by the State Legislature last year.

The LIEAP program in Kansas provides a benefit to any Kansas household that submits an application from mid-January through the last business day of March and meets established eligibility criteria. The following basic criteria must be met: 1) Heating utility has to be in the name of an adult household member, 2) The household must meet a self-payment requirement, 3) The combined gross income

of the household must be at or below 130% of the Federal Poverty level, and 4) The household must meet citizenship or lawful residency requirements. The household must provide appropriate supporting documentation as part of the application process.

In 2006, SRS received in excess of 50,000 applications for LIEAP assistance and almost 41,800 households were approved with an average benefit of \$555 due to the release of additional federal contingency funds last year which amounted to \$10 million for Kansas. An overview of these approved households provides the following demographic information:

- 77% of the households are at or below 100% of the Federal Poverty Level;
- 28% have at least one child age five or younger;
- 40% have a household member that is disabled;
- 24% have a household member that is age 60 or older.

During the 2007 season which began January 16, SRS is expecting to approve a comparable number of households for benefits as in 2006. Because of an anticipated reduction in Federal funding of more than \$10 million, this will reduce the average benefit to slightly more than \$310, assuming a comparable number of approved households. This will result in a net reduction of approximately \$145 from last year.

I will be happy to stand for questions.

INCOME GUIDELINES FOR LOW INCOME ENERGY ASSISTANCE PROGRAM

1-07

The gross income (before deductions) of all persons living at the residence address is considered in determining household income. The following eligibility limits represent 130% of the federal poverty level:

Number in Household	100% of Federal Poverty Level	Annual Income at 130% of Poverty Level	One Month Income at 130% of Poverty Level
1	\$ 9,800	\$12,740	\$1,062
2	\$13,200	\$17,160	\$1,430
3	\$16,600	\$21,580	\$1,799
4	\$20,000	\$26,000	\$2,167
5	\$23,400	\$30,420	\$2,535
6	\$26,800	\$34,840	\$2,904
7	\$30,200	\$39,260	\$3,272
8	\$33,600	\$43,680	\$3,640
9	\$37,000	\$48,100	\$4,009
10	\$40,400	\$52,520	\$4,377
11	\$43,800	\$56,940	\$4,745
12	\$47,200	\$61,360	\$5,114

1-4



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

THE COLD WEATHER RULE

Senate Utilities Committee

January 24, 2007

The Cold Weather Rule (CWR) was established in 1983 by the Kansas Corporation Commission (KCC) to ensure that all Kansans would have gas and electric service during the cold winter months. The impetus for the CWR in Kansas and similar rules throughout the country was the death of a Midwestern family the previous year during a bitter winter after their utility service was disconnected due to nonpayment. The incident drew national attention as states recognized the importance of minimizing the risk of harm.

The Cold Weather Rule is in effect from November 1 to March 31. The Rule establishes the responsibility of the company to provide service and the customer to create a pay agreement and make payments. There are no income guidelines.

The Customer's Responsibility

If customers cannot pay their entire bill, the customers should call the utility company to set up a payment plan. Beginning on November 1, the new agreement would include an initial payment of one twelfth of the overdue amount of the bill, one twelfth of the current bill and all disconnection and connection fees. In addition, the customers must agree to pay the remainder due, including any required deposit, in equal payments over the next 11 months or negotiate a payment plan to pay the overdue amount off earlier.

In addition to making payment on the pay agreement, the customer must:

- pay the full bill for new service used while paying off the overdue amount.
- apply for federal, state, local or special funds for which the customer is eligible.
- make a new payment agreement with the utility if the customer is behind in a previous payment plan and cannot catch up.
- pay for the value of any illegally used service if service was fraudulently used.

Senate Utilities Committee

January 24, 2007

Attachment 2-1

The Company's Responsibility

Utilities must inform all customers of the Cold Weather Rule payment plan as well as other payment plans available. The companies are also required to tell customers about agencies that have funds to help pay utility bills. Many of the companies have special programs established that assist consumers in making utility payments.

The utility cannot disconnect a customer when the temperature is forecasted to drop below 35 degrees in the next 24 hours. There must be a 48-hour forecast of temperatures above 35 degrees the day before a utility may disconnect service.

Utilities must send written notice to customers 10 days before disconnection. Twenty four hours before disconnection, a utility must attempt to contact the customer by phone. If that fails, they must go to the home and notify the customer or leave a message on the door.

Some utilities have a third party notification plan. This plan does not obligate the third party to make payments, but establishes an additional contact for the company in communicating with the customer.

The KCC's Responsibility

The KCC staff enforces the CWR. KCC is available to support customers in setting up pay arrangements, through referrals to and discussions with utility companies. The KCC staff also investigates all complaints regarding establishing pay agreements and disconnections.

Prior to the beginning of the Cold Weather Rule on November 1, information is sent to the media. In collaboration with Social and Rehabilitative Services, LIEHP, Kansas Legal Aid Offices, Agency Area Councils on Aging and special community organizations, the KCC distributes materials across Kansas to get the word out on payment plans and disconnection rules during the winter weather. Approximately, 20,000 pieces of literature are distributed each year.

CWR publications in English and Spanish can be printed directly from the website of the Kansas Corporation Commission. There is also a current listing of agencies throughout the state available to assist consumers in utility payments. The information is in PDF form and is located at www.kcc.state.ks.us/pi/publications.htm in the Consumer Information section.

Data and the Cold Weather Rule

Gas and electric companies vary in their record keeping on the number of Cold Weather Rule agreements in place. Information has been requested for a 2001 and 2006 comparison.

There is evidence of challenges in paying the cost of heating homes. For 2006, four of the top five complaint categories from the 4,461 complaints received were related to cost issues:

Disconnection and Refusal of Service, Disputed Bill, Payment Plans, Poor Complaint/Inquiry Handling by the Company, and Billing Issues. Complaint data is reported quarterly on the website according to one hundred and twenty one complaint codes. The complaint data is also available by company.

The cost of heating homes is escalating. According to the National Energy Assistance Directors Association (NEADA) the estimated change in home heating costs by natural gas from winter 2002 to winter 2006 is an increase of 115.1%. From 2002 to 2006, there was a 33.1% increase in the numbers of households receiving LIEHP funds and at the same time a 9.81% decrease in the average grant. A major gas service company in Kansas had over \$10million in uncollectible debt for the cost of gas in July of 2005.

The National Association of Regulatory Utility Commissioners (NARUC) passed a resolution in Fall, 2004, identifying the importance of gathering information on disconnections and LIEHP recipients. NARUC and the National Regulatory Research Institute (NRRRI) gathered preliminary data for a *Policy Survey: Low Income Energy*. The project was designed to understand the financial situation of the low-income consumers and gather facts necessary to increase the level of LIHEAP funding in Congress. The preliminary data is “not for citation or distribution”.

Kansas participated in the survey and the KCC sent letters to all the electric and gas utilities. Data was requested and several things were apparent. Utilities keep extensive payment history on the customer accounts. Dwellings are not tracked as to repeated disconnects. Generally, information is not tracked on LIEHP eligible customers who are repeatedly disconnected.

In compliance with the Cold Weather Rule, utilities are allowed to disconnect customers following March 31 or prior to that date if there have been temperatures forecasted above 35 degrees for a 48 hour period and payment agreements are broken. Companies are required to file information on disconnections with the KCC on a monthly basis. The following is a five year comparison on disconnections by the major gas and electric service companies.

Empire District Electric Company

May 2001			May 2006		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When \Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 99.99	28	10,267	\$ 00 - 99.99	75	10,139
\$100 - 199.99	31		\$100 - 199.99	0	
\$200 - 299.99	26		\$200 - 299.99	0	
\$300 - 399.99	6		\$300 - 399.99	0	
\$400 - 499.99	7		\$400 - 499.99	0	
\$500 - 599.99	6		\$500 - 599.99	0	
\$600 - 699.99	8		\$600 - 699.99	0	
\$700 - 799.99	4		\$700 - 799.99	0	
\$800 - 899.99	3		\$800 - 899.99	0	
\$900 - 999.99	0		\$900 - 999.99	0	
\$1000 & over	6		\$1000 & over	0	
Total	125	.012	Total	75	.007

Kansas City Power & Light Company

May 2001			May 2006		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 49.99	14	210,794	\$ 00 - 49.99	23	229,031
\$ 50 - 99.99	3		\$ 50 - 99.99	1	
\$100 - 199.99	175		\$100 - 199.99	112	
\$200 - 299.99	153		\$200 - 299.99	108	
\$300 - 399.99	109		\$300 - 399.99	64	
\$400 - 499.99	57		\$400 - 499.99	35	
\$500 & over	151		\$500 & over	112	
Total	662	.003	Total	455	.001

****Westar Energy, Inc (Kansas Power & Light (KPL) and Kansas Gas & Electric (KG&E))**

KPL May 2001			KPL May 2006		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 49.99	1,827	298,329	\$ 00 - 49.99	379	303,537
\$ 50 - 99.99	180		\$ 50 - 99.99	945	
\$100 - 199.99	357		\$100 - 199.99	683	
\$200 - 299.99	349		\$200 - 299.99	280	
\$300 - 399.99	401		\$300 - 399.99	160	
\$400 - 499.99	389		\$400 - 499.99	120	
\$500 & over	2,313		\$500 & over	187	
Total	5,816	.019	Total	2,754	.009

KGE May 2001			KGE May 2006		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 49.99	620	258,899	\$ 00 - 49.99	371	265,953
\$ 50 - 99.99	77		\$ 50 - 99.99	1514	
\$100 - 199.99	187		\$100 - 199.99	534	
\$200 - 299.99	179		\$200 - 299.99	284	
\$300 - 399.99	217		\$300 - 399.99	177	
\$400 - 499.99	199		\$400 - 499.99	146	
\$500 & over	1,275		\$500 & over	252	
Total	2,754	.010	Total	3,278	.012

****KPL and KGE are now called Westar Energy, Inc.**

Midwest Energy, Inc.

May 2001 - gas & electric combined			May 2006 - gas & electric combined		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 49.99	1	35,379	\$ 00 - 49.99	2	82,911
\$ 50 - 99.99	5		\$ 50 - 99.99	22	
\$100 - 199.99	24		\$100 - 199.99	89	
\$200 - 299.99	39		\$200 - 299.99	77	
\$300 - 399.99	48		\$300 - 399.99	61	
\$400 - 499.99	43		\$400 - 499.99	38	
\$500 & over	187		\$500 & over	100	
Total	347	.009	Total	389	.004

**Kansas Gas Service
A Division of Oneok, Inc.**

May 2001			May 2006		
Amount Owed When Disconnected	Number of Customers	Total # of Customers	Amount Owed When Disconnected	Number of Customers	*Total # of Customers
\$ 00 - 49.99	N/A	N/A	\$ 00 - 49.99	0	637,994
\$ 50 - 99.99	N/A		\$ 50 - 99.99	4	
\$100 - 199.99	N/A		\$100 - 199.99	1042	
\$200 - 299.99	N/A		\$200 - 299.99	2373	
\$300 - 399.99	N/A		\$300 - 399.99	1662	
\$400 - 499.99	N/A		\$400 - 499.99	1121	
\$500 & over	N/A		\$500 & over	3920	
Total			Total	10,122	.015

*Total # of Customers is from Annual Reports

*** The data is not available as KGS and Westar had combined billing in 2001. KGS did not have the data.

There is an opportunity, with the current escalating costs and the focus on energy and good stewardship, to strategize on ways to improve the efficiency and effectiveness in delivery of services for keeping Kansans warm.

Testimony of Marge Petty, Director of Public Affairs and Consumer Protection, Kansas Corporation Commission.

Origin of the Cold Weather Rule

The Cold Weather Rule is Section V of the KCC's *Electric, Natural Gas and Water Billing Standards*.

The Billing Standards were last reviewed and revised in 2001. The CWR, adopted in 1983, was revised in 1989 and 2002.

Available Assistance Programs

for Housing & Energy Related Needs of Kansas Citizens

Service / Program	Agency / Organization / Website	Phone / Fax Number	Area Served
Kansas Housing Hotline General information on housing assistance programs.	KS Housing Resources Corporation www.kshousingcorp.org	800.752.4422 785.296.5865	Statewide
Energy Extension Service No cost & low cost energy efficiency information.	Kansas State University www.engext.ksu.edu	800.578.8898 785.532.6026	Statewide
Low Income Energy Assistance Program LIEAP-assistance with utility bills.	KS Department of Social & Rehabilitation Services www.srskansas.org/ISD/ees/lieap.htm (Jan 16 - Mar 30)	800.432.0043	Statewide
Weatherization Program Assistance to weatherize homes.	KS Housing Resources Corporation www.kshousingcorp.org	785.296.2065	Statewide
Project Deserve (Red Cross) Assistance with utility bills.	Kansas Capital Area Chapter	785.234.0568	Shawnee Co.
	Douglas County Red Cross Chapter http://douglascountyks.redcross.org	785.843.3550	Douglas Co.
	Riley County Chapter	785.537.2180	Riley Co.
	Geary County Chapter	785.238.3163	Geary Co.
	Midway-Kansas Chapter * Serves Sedgwick, Sumner, Harper, Harvey & Kingman Counties	316.219.4070	See Note*
	Cowley County Red Cross	620.221.1220 / 620.221.1235	Winfield
Pioneer Chapter	620.251.1050	Coffeyville	
Catholic Community Services	913.621.3445	Wyandotte Co.	
Army Emergency Relief Fund	AERF	785.239.9435	Ft. Riley
Senior Care Act & Older Americans Act Limited assistance to weatherize homes.	Kansas Department of Aging	785.296.4986 (M-F, 8am-5pm) 800.432.3535	Limited areas Call for Availability
Mid America Assistance Coalition Miscellaneous assistance.	Kansas City	816.561.2727	Kansas City area
ECKAN (Dollar Aid)	East Central KS Economic Opportunity Corporation	785.841.3357 785.242.7515 620.364.8223 913.294.5130 785.828.3535 785.448.3670 620.342.4607	Douglas Co. Franklin Co. Coffey Co. Miami Co. Osage Co. Anderson Co. Lyon Co.
Housing & Neighborhood Development Office Miscellaneous assistance.	City of Lawrence	785.832.7700	Lawrence
The Gift of Warmth Primary heating assistance only.	The Salvation Army/Atmos Energy	877.566.2769 ext. 403	Kansas

KCC Calendar Years 1996 & 2006

Statistical Complaint Data Comparison

	CY1996 # of Complaint Codes	CY2006 # of Complaint Codes	CY1996 % of Total Codes	CY2006 % of Total Codes
Total Complaints for Reporting				
Billing Issues	765	1,604	18.9%	37.8%
Rates/Charges Issues	1,550	248	38.3%	5.8%
Disconnection/Refusal of Service Issues	474	567	11.7%	13.4%
Customer Deposit Issues	56	79	1.4%	1.9%
Meter Issues	35	135	0.9%	3.2%
Telephone Service Issues	519	430	12.8%	10.1%
Quality of Service Issues	269	339	6.7%	8.0%
Company Unresponsive Issues	165	534	4.1%	12.6%
Non-regulated/Miscellaneous Issues	209	305	5.2%	7.2%
Total	4,042	4,241		
Total ELECTRIC Company Complaints for Reporting Period				
Billing Issues	368	495	36.8%	41.2%
Rates/Charges Issues	79	118	7.9%	9.8%
Disconnection/Refusal of Service Issues	277	227	27.7%	18.9%
Customer Deposit Issues	20	46	2.0%	3.8%
Meter Issues	23	46	2.3%	3.8%
Telephone Service Issues	-	-	0.0%	0.0%
Quality of Service Issues	150	96	15.0%	8.0%
Company Unresponsive Issues	42	127	4.2%	10.6%
Non-regulated/Miscellaneous Issues	39	47	3.9%	3.9%
Total	999	1,202		
Total GAS Company Complaints for Reporting Period				
Billing Issues	152	822	9.6%	48.0%
Rates/Charges Issues	1,277	86	80.8%	5.0%
Disconnection/Refusal of Service Issues	74	330	4.7%	19.3%
Customer Deposit Issues	8	47	0.5%	2.7%
Meter Issues	12	97	0.8%	5.7%
Telephone Service Issues	-	-	0.0%	0.0%
Quality of Service Issues	28	75	1.8%	4.4%
Company Unresponsive Issues	16	209	1.0%	12.2%
Non-regulated/Miscellaneous Issues	14	48	0.9%	2.8%
Total	1,581	1,714		
Total TELECOM Company Complaints for Reporting Period				
Billing Issues	208	365	17.5%	27.2%
Rates/Charges Issues	93	35	7.8%	2.6%
Disconnection/Refusal of Service Issues	122	51	10.2%	3.8%
Customer Deposit Issues	28	2	2.4%	0.1%
Meter Issues	-	-	0.0%	0.0%
Telephone Service Issues	426	374	35.8%	27.9%
Quality of Service Issues	89	172	7.5%	12.8%
Company Unresponsive Issues	103	211	8.6%	15.7%
Non-regulated/Miscellaneous Issues	122	131	10.2%	9.8%
Total	1,191	1,341		
Totals By Industry				
Electric	999	1,202	26.5%	26.9%
Gas	1,581	1,714	41.9%	38.4%
Telecom	1,191	1,341	31.6%	30.0%
Other	-	204	-	.04%
Total	3,771	4,461		