

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Vice Chair Pat Apple at 9:30 A.M. on January 24, 2008 in Room 526-S of the Capitol.

Committee members absent: Senator Jay Emler (excused)

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Wes Ashton, Aquila
Kayla Hughes, Aquila
Paul Snider, KCPL
Jill Frasco, Westar

Others in attendance: See enclosed list.

Introduction of Bills

Moved by Senator Lee, seconded by Senator Petersen, introduction of a conceptual bill regarding electric generation as requested by Senator Emler. Motion carried.

Presentation on Third Party Pay Sites for Utility Payments

Wes Ashton, Aquila Corporation, introduced Kayla Hughes, Aquila Manager of Collection & Payment Services from Raytown, Missouri. He also introduced Randy Dyer, their representative from Wichita.

Kayla Hughes, Aquila Manager of Collection & Payment Services, provided information on how the process of third party pay stations in Kansas works, the types of entites used, and customer data usage. Aquila customers in Kansas have seven different ways to pay their monthly natural gas bill. She explained the different ways customers could pay their bills. All their pay stations are contracted through Western Union who is the only vendor authorized to accept walk in payments. (Attachment 1)

Paul Snider, Kansas City Power and Light, stated KCP&L customers may pay their bills through the mail, over the phone, through online banking, auto-withdrawal, website, via credit card or check, and in person at any authorized pay stations. In Kansas, there are no fees associated with any of their payment options. (Attachment 2)

Jill Frasco, Director, Credit and Collections, Westar Energy, contracts with Fidelity Express to provide third party payment sites in approximately 80 locations. In the contract, Westar reserves the right to approve each location and have a list of unacceptable locations. Westar is pleased with the customer service and technology utilized by Fidelity Express. (Attachment 3)

Committee questioned if call ins had contact with a person rather than a recording when inquiring about their accounts. Some discussion on fees to customer.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 3

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: JANUARY 24, 2008

Name	Representing
- Paul Snider	KCP&L
Lori Pesch	PMCA of KS
Kathryn Gutgen	KBIA
Jeff Bottoms	Polsina & Co
LARRY BELL	MIDWEST ENERGY
PHIL WAGES	KEPCO
JIM BARTLING	ATMOS ENERGY
Steve Johnson	ONEOK
Mick Utgen	KGS
Mark Schreiber	Westar
Jill Frasco	Westar
BRAD MEARS	KMU
Bill Sneed	ATT
Austin Hayden	Hein Law Firm



Aquila

Legislative Testimony

Kansas Senate Utilities Committee Regarding Third Party Pay stations for Utility Payments January 24, 2008

Kayla Hughes, Aquila Manager of Collection & Payment Services

Good morning Mr. Chairman and members of the committee. My name is Kayla Hughes and I am the Manager of Collections and Payment Services for Aquila. I have been asked to provide some information to you regarding the status of third party pay stations in Kansas for customers making utility payments. I will explain how the process works, the types of entities we use, and customer data usage for these pay stations.

Any Aquila customer in Kansas has seven different ways that they may make a monthly payment for their natural gas bill. Those options are by:

- Mail
- Electronic Payment- This can be done in two different ways:
 - CheckLINE – Automatic payment from your checking or savings account.
 - Checkfree - An on-line bill payment service. Contact www.CheckFree.com
- Field Tech Collected Payments – These are payments collected when the Field Tech goes to disconnect service.
- Pay by Phone -Call the customer service center to pay by Visa, Master Card or Discover through SPEEDPAY. There is a \$3.95 convenience fee.
- On-line – At Aquila.com customers can make on-line payments via credit card at SPEEDPAY web site. SPEEDPAY charges of \$3.95 convenience fee.
- Western Union - Pay with check, money order or cash at a walk-in location. These sites are often referred to as Third Party Pay Sites.

Over the past decade, with rapid advances in technology, many businesses, and most utilities including Aquila have encouraged customers to take advantage of the most efficient and most cost effective means of bill payment. We've been successful, yet recognize that a segment of our customer population maintains a preference for paying bills in person. For the benefit of our customers, Aquila has maintained third party pay stations across our service territory. For approximately the last eight years, all of Aquila's third party pay stations are contracted through Western Union, who then ultimately determines the best site based on geographic requests through the Utility. Aquila prefers its locations to be in grocery and convenience stores, but those options are often not available.

Aquila has 28 third party pay stations across our Kansas service territory. Of those 28 pay stations, there are 5 grocery stores, 18 check cashing (5 companies total, which 4 have multiple locations.), 1 department store, 1 health food store, 1 convenience store, 2 mail/package stores in Kansas. These sites are located in central areas in our larger

Senate Utilities Committee
January 24, 2008
Attachment 1-1



Aquila

communities. All of our 28 third party pay stations are in the communities of Dodge City, Garden City, Goodland, Lawrence, Liberal, Sublette and Wichita.

Over 92% of customer payments in Kansas are received through one of the first six options described above. Slightly less than 8% of our total inbound payment processing is done by Western Union in Kansas. We currently process approximately 9,500 payments per month in Kansas.

Western Union is the only vendor authorized to accept walk in payments. Certain other vendors may also accept bill payment, but may take several days to send the payment to Aquila and therefore will not immediately stop any pending collection activity or shut-off order. Some customers that pay at third party pay stations do not have checking accounts or credit cards and use the pay stations as a way to receive immediate credit of payment.

At Western Union pay sites, customers can pay with check, money order or cash. After the payment has been received, the customer receives a receipt of payment with a confirmation number. The customer may then call Aquila with the phone number provided and give the confirmation number for immediate proof of payment. Although a small percentage of our customers choose to make payments via a third party pay station, those customers who do could struggle if the option was not available.

The benefit of these sites for Aquila customers is to provide one additional way that a customer may choose to make their monthly payment and receive an immediate proof of payment. If the option was not available, the customer may not receive credit for a payment in a timely fashion. This may cause additional shut-off orders to be processed, which ends up costing the customer more to pay for a reconnection of service.

Thank you for the opportunity to address the process of third party pay stations for Aquila customers in Kansas. I would be happy to provide you with any additional information that you may be interested in receiving and I am happy to stand for any questions you may have.

**Testimony of Paul Snider
Before the Senate Utilities Committee
Overview of customer payment options
January 24, 2008**

Kansas City Power & Light strives to provide a variety of convenient payment options to meet our customers' needs.

KCP&L customers may pay their bills though the mail, over the phone, through online banking, auto-withdrawal, through the KCP&L website, via credit card or check, or in person at various authorized paystations. In Kansas, there are no fees associated with any of our payment options.

We currently have approximately 33 paystations in the Kansas City metro area where customers may pay their bill in person. This option is often utilized by customers that operate only with cash and/or are in danger of disconnection for nonpayment.

Paystation payments account for about 4 percent of total payments to KCP&L. This percentage has been dropping steadily the last several years. We contract with a third-party vendor that seeks out potential businesses to become authorized paystations and manages our paystation network.

Our goal is to have a paystation network comprised of conveniently accessible and secure locations.

###

Paul Snider – KCP&L
Manager, Kansas Government Affairs
816-556-2111; paul.snider@kcpl.com

Senate Utilities Committee
January 24, 2008
Attachment 2-1

Kansas City Power & Light

Paystation list

KANSAS LOCATIONS

Price Chopper

22350 S Harrison
Spring Hill, KS 66083
(913) 592-4545

7418 W. 119th Street
Overland Park, KS 66213
(913) 338-2000

7201 W. 151st Street
Overland Park, KS 66223
(913) 897-4600

3700 W. 95th St.
Leawood, KS 66206
(913) 648-4200

8686 Antioch Road
Overland Park, KS 66212
(913) 383-2563

309 N. Hospital Drive
Paola, KS 66071
(913) 557-5666

Other Kansas Locations

First Option Bank
601 Main Street
Osawatomie, KS 66064
(913) 757-2001

Save-A-Lot
2815 State Ave.
Kansas City, KS 66102
(913) 321-5643

Apna Bazar
14545 Metcalf Ave.
Overland Park, KS 66223
(913) 685-9967

J&B Mini Mart
50 S 10th St.
Kansas City, KS 66102
(913) 342-1065

**Testimony of Jill Frasco
Director, Credit and Collections
Westar Energy
Before Senate Utilities Committee
January 24, 2008**

Good morning, Mr. Chairman and members of the committee. I am Jill Frasco and I was asked to speak to you today about our third party pay stations.

Westar Energy has contracted with Fidelity Express, a division of Grocery Supply Corporation since December 2004 to provide our customers with in-person payment services. In 2007, Fidelity Express processed 533,844 payments through our approximate 80 locations. This is an average of 44,487 per month representing 7.5% of all payments received. Customers on bank draft represent 8.7% and web payments represent 8.3%. These percentages compare to 57% of our customers who mail payments to our Topeka remittance center.

Our customers who prefer to pay in person are those who typically do not have checking accounts, or who are paying at the last possible deadline to avoid collection activity. In our contract with Fidelity Express, we were specific as to the type of retailers Westar would allow as agents to process our payments. We identified in our contract as to what locations are unacceptable (e.g. pawn shops, bail bonds, liquor stores, tobacco shops, or locations deemed to be in unsafe neighborhoods.) Westar reserves the right to approve each location prior to Fidelity Express entering into a contract with a retailer on our behalf.

Fidelity Express employees set up the terminals/scanners and provide training to the staff at each pay location. Westar has been extremely satisfied with the customer service and technology utilized by Fidelity Express in our ability to receive hourly memo postings on customer accounts during business hours, real time account number verification to mitigate errors in posting payments, and scanned images of payments that make research easier. Westar believes it is a valued service to our customers to provide payment options, including paying with cash or in person.

Thank you for the opportunity to come before you today. I will stand for questions at the appropriate time.