

**Senate Utilities Committee  
Senator Clark, Chair**

**Senate Bill 522**

February 20, 2004

Myrna Morrison  
Treasurer  
Spring Hill USD 230

Chairman Clark, Members of the Committee:

My name is Myrna Morrison and I am appearing in support of S.B. 522. I am currently serving as Treasurer for Spring Hill USD 230. I retired from my full time position as Business Manager in July 2003 after working for the district for 27 years. At our Board of Education's request, I have continued to work part time assisting with business matters and other budgetary, financial and educational issues.

Spring Hill School District transports natural gas from Oneok Gas Marketing through the Greenbush Energy Group in an effort to save money on utilities, as they are one of the district's largest expenditures after employee salaries and benefits. In the past the district was able to save thousands of dollars a year by transporting natural gas. However, last school year our local gas company started assessing imbalance penalties to customers transporting gas. This has greatly reduced the amount of savings to all of the school districts served by this utility company and many problems have also escalated.

As one of my part time duties, our Superintendent asked me to continue to assist in monitoring our natural gas invoices as we have had so many problems. The invoices are rather complicated to understand for someone who is not familiar with them. In fact, we have had several instances where we have had our local utility company customer representative and the billing department staff located in Texas re-calculate our bills when adjustments needed to be made. Their billing methods are so complex that neither office ever came up with the same amounts due. We have received corrected invoices of the corrected invoices – and on and on, sometimes taking 6-8 months to resolve the problems and to get a correct invoice.

Every month the entire gas service invoice must be analyzed and double-checked for accuracy. Some of the inconsistencies we must check for are correct meter reading dates, actual usage, nominations, BTU factor rates, UAG charges, transportation charges (Spring Hill has two different rates), service charges, franchise fees, and most importantly the imbalance charges. Occasionally they have added taxes in from which school districts are exempt. Ironically, all of the errors in the invoices have been in the favor of the gas company.

In October 2002, our gas service company began assessing school districts transporting gas imbalance charges, even though school districts were not notified of this major change, and this is when our main problems started. Spring Hill USD 230 has not had one correct invoice since that time. In addition, the company has changed their invoice format several times during this time period. I am sure this is just as frustrating to their local customer service staff, as well as to their billing staff in Texas as it is to the customers. It appears a lot of the problems are due to a lack of communications within their company. Their staff has all been very amiable in helping to correct these problems and have even called me several times in the evening at home to discuss some of the issues that needed to be resolved.

We have talked with the KCC about these problems several times and several of us here today have met with KCC staff as well. In July 2003, Senator Brownlee helped to set up a meeting with representatives from KCC, our local gas company and school districts transporting gas that are served by them. Many issues were discussed and the consensus of the group was that one of the biggest problems was communications from the gas company to the customers - it is hard for school districts to play the game if they don't know the rules. They also agreed the invoices were a problem and that they would be sent out in the future in a more detailed, understandable format, and they would not be changing them from month to month as they had during the past year. In addition, they would be correct. Unfortunately, this has not been the case. There have been at least two different formats since the meeting in July and we still have not received a correct invoice. If we did not thoroughly check these bills for errors and inconsistencies, it would have cost our school district a substantial amount of money since October 2002.

One of the major problems we have encountered has been with the meter reading dates. We were given a schedule listing the meter read dates to help us in figuring our nominations. However, our meters have not always been read on these dates. Our staff has started taking pictures with a digital camera for proof in cases of dispute. The problem when the meters are read on a different date than scheduled is that our nominations are off for two months causing the district additional imbalance charges. We do not receive our invoices for the previous month until the end of the next month, often times too late to make changes in our nominations if their numbers cause us to be out of balance.

Our district has spent much more staff time since October 2002 for additional time required reading meters, making and adjusting nominations, reconciling the invoices and dealing with problems. In addition, the savings of transporting gas has gone down significantly, taking money away that could be spent on teachers and materials to help better educate our students.

To save time today, I have attached a log for you to look over at your convenience of some of our issues with our gas company over the past several years that I shared with

the K.C.C. in July. Hopefully it will give you a full picture of some of the issues we have been struggling with and continue to deal with at the present time.

As more districts are now purchasing gas from third party marketers, it appears some utility companies have more fees and restrictions than others. Many of the utility companies in the state cooperate with the districts they serve in an attempt to help schools save money. Unfortunately, this is not the case with our local gas company. Consultants and marketers have told us that they are one of the most difficult companies to work with in the state. It is nearly impossible for schools to purchase third party gas and save any money because of the fees assessed by them.

I would like to personally thank Senator Brownlee on behalf of the Spring Hill School District for her help with these energy issues. Her support is very much appreciated by our district as well as all of the school districts in the state dealing with these problems. Our school district would appreciate your support of SB 522 to help rectify some of these problems. Thank you for your time in allowing me to speak today.

Myrna Morrison, Treasurer  
Spring Hill USD 230  
101 East South Street  
Spring Hill, KS 66083  
913-592-7200  
E-mail: [myrna@usd230.k12.ks.us](mailto:myrna@usd230.k12.ks.us)

**SUPPORTING ATTACHMENT TO TESTIMONY**

**UPDATED JULY 17, 2003 FOR THE MEETING WITH  
THE KANSAS CORPORATION COMMISSION**

**NATURAL GAS TRANSPORTATION ISSUES FOR SCHOOL DISTRICTS**

May 2001 – Notification from our local gas company that the minimum (threshold) annual volume of 3,000 mcf had been eliminated by change in tariff allowing all K-12 schools to qualify to transport natural gas

June 2001 – Notice that our local gas company would not release their customers from their firm transportation until October 1, 2002, and customers would have to pay the firm capacity charge until that time.

October 2001 – E-Mail from David Banks, Wichita Public Schools Energy Manager/Greenbush Energy Group Consultant explaining change in tariff for all K-12 schools to transport gas, however they would have to pay our local gas company for firm capacity charge on pipeline until October 1, 2002. Costs would eliminate all incentives to transport and would be an economic hardship.

November 2001 – Letter from Greenbush Energy Group further explaining our local gas company's new gas tariff and process for eliminating the assigned capacity fee on October 1, 2002

February 2002 – Letter and form from our local gas company with options to release capacity by October 1, 2002

May 02 – Williams Pipeline filed to modify tariff to allow them to start having charges for daily balancing beginning September 1, 2002.

July 02 – Williams proposed tariff for daily balancing charges and requirement for electronic flow meters was denied.

October 2002 – Our local gas company began assessing school districts monthly imbalance charges.

No official communication was received from our local gas company regarding the assessment of penalties for cash in/cash out, the start date or the reason for this change. We heard the reason was that our local gas company lost use of Woodward Marketing Storage Pool, but we are not sure who initiated this action. We feel the benefit would be to our local gas company not to have the storage field so they could implement new fees and penalties to

customers who transport gas. We were under the assumption from Oneok Marketing that this would start on November 1, 2002, but instead it started October 1.

School staff not knowing the official date, did not start reading gas meters in order to adjust their nominations until November 2002. Staff were also told there would be a total nomination and one invoice per district. Instead, in most cases, districts were billed by each school and penalties were assessed individually by meter, however this varied from district to district. In addition, some districts had several meters consolidated into one bill while other meters in the same district were billed separately. There seems to be no specific rules for all school districts transporting gas, nor consistency in their billing procedures.

There have been problems with billings in all of the districts we have talked to. Nominations were entered incorrectly and meters were not read on last day of the month. For example, in November meters were read on November 27 instead of November 29. We have not been given dates meters would be read or the last day that revisions in nominations would be accepted by our local gas company. In December we had to give any changes by December 28, but the meters were not read until December 31, which left a greater chance of penalty. In January all of our meters were read on January 31 except for one at our elementary school – it was read on January 21, 2003. We have been reading our meters frequently in order to make changes in nominations as necessary so we can be as close to our actual usage as possible. When we saw the final meter reading we knew there was an error before we noticed the date read. I called the Customer Service regarding this problem because it was 270.3 mcf off from our nomination on that one-meter which would be a substantial penalty to the district. The Customer Service Representative told me it was not a problem and that they would never charge a penalty of any kind for something like that. I told her I did not think that was correct and that we would be charged. After talking with this representative, I called another service representative. He agreed with me that there would be a penalty if this was not corrected and it would also throw off our nomination for February by having an extra 10 days on it. He kindly said he would check into it for me. I was unable to get in contact with him again until February 25. At that time he said he was unable to get a copy of our billing and asked me to fax a copy to him so he could investigate it further.

December 2002 – Districts starting calling our local gas company about concerns with their billing calculations and were told no changes could be made unless a specific error was identified and that they would not go back and review any accounts.

January 2003 – After many complaints from school districts, our local gas company advised Oneok that all districts would have one combined bill starting in February – except for Spring Hill's, which would be combined in January.

January 2003 – After several phone conversations with our service representative in Olathe discussing the many problems Spring Hill School District had encountered with the billings,

nominations, etc. they finally agreed to combine our individual billings into one monthly billing and to give a credit back to the district for the penalties incurred.

February 18, 2003 – In the process of collecting information, I called Ron Ragan, our Oneok representative to see if he had received any written communications from our local gas company regarding their new imbalance charges. Mr. Ragan said he had only received verbal communication from them. He also indicated that he had sent out a letter in September to all Oneok customers served by our local gas company regarding this issue. Spring Hill School District did not receive this letter so I had him fax a copy to me. I shared this information with Bob Courtney of Olathe School District and David Banks, Greenbush Energy Consultant and they indicated they had not received the letter from Oneok either. If we would have received this letter explaining the changes in September it might have eliminated some of the problems, but we feel our local gas company should have been responsible for notifying customers in this substantial change in policy.

Seventeen school districts served by this utility company are transporting gas, however two of these school districts – Independence and Coffeyville are exempt from the additional charges for imbalances.

Concerns – We feel it is the intent of our local gas company to force school districts back to general service by imposing these penalties. Schools risk paying more for gas while trying to save money for their districts. Also, much staff time is required to read gas meters (daily/weekly) to be able to calculate if the monthly nominations are close to actual usage. Schools may need to get out of this savings endeavor in June 2003 at the end of our contract with Oneok. Every time a tariff is passed or regulation is met for schools to transport and save money, our local gas company imposes another regulation or penalty.

February 27, 2003 – At 10:00 a.m. I received a phone call from Ron Ragan at Oneok advising that our local gas company was going into an Operational Flow Order beginning at 9:00 a.m. through March and that we would need to make daily nominations for our gas usage. I made a few phone calls regarding this and a little after noon I received another call from Ron Ragan advising that out of the blue Atmos had called him back and that schools were now exempt from the OFO.

March 2003 – Our local gas company changed their invoices from six individual billings with meter reads for each meter plus the cash out invoice to a combined billing. The combined billing no longer listed the meter readings nor the read dates and only has the usage for each meter listed on the invoice. By not receiving the readings and dates it makes it very hard to make our nominations to try to stay in balance and avoid the high penalties for being either over or under nomination. The invoice was not generated until April 25 so it was not received in time to change nominations for April. There were also several errors on the billing – all to the favor of the gas company. Spring Hill has two transportation rates – 3 @ \$0.1774 and 3 @ \$0.105. All of our gas was charged at the higher rate. We also have

two meter customer rates – 3 @ \$10.00 and 3 @ \$7.00. All meters were charged at the higher rate. The school district is tax-exempt, however tax was added to the invoice. It had not been charged in the past. Meter #4041149-540295-60 was listed twice on the usage – one at 9.0 Mcf and one at 81.2 Mcf. I called our local gas company for the meter reads toward the end of April, which I did receive, and it only had the information listed for the 9.0 Mcf. After many calls (probably 10) to various people at our local gas company I found out in May that a new meter was installed and this was part of a new pressure factor charge that we would now have every month. However, we were not notified of this, which put us out of balance. Note: Our local gas company did make a partial adjustment for this charge reflected on our payment made in June. If I had not spent a lot of time making phone calls and trying to figure out all of the errors it would have been a substantial cost to the district. Even with the adjustment made, we were overcharged \$1,657.93, which would not have been corrected if I had not been persistent in getting it fixed.

April 2003 – The invoice for April was not generated until May 20, so again it was not received in time to adjust nominations based on usage. Between our bookkeeper and myself we called nine times trying to get the meter readings. We finally received them on June 10. Again, this makes it nearly impossible to stay in balance to avoid penalties. The invoice was still not correct and I had to talk with the bookkeeping department, incurring several long distance calls trying to get our account corrected.

May 2003 – We received adjustments to our account from both our service representative and the utility company's bookkeeper. I put together a spreadsheet trying to balance out using both of their adjustments for February, March, April and May. After several phone calls and e-mails with them we finally arrived at an amount we could both agree to.

The billings we receive are very difficult to understand and even harder to calculate. We received several revised bills since October. In addition, revisions made by their staff for the same invoices did not come out the same either. On some of the invoices I never could match their figures.

We have a few questions we would like to have answered at our meeting:

We have heard different stories about what really happened with the Woodward storage. We would like to know what the actual facts are.

When was the cash-out tariff approved that started in October 2002 and how were the penalty rates to be charged?

We were told that meters would be read on the last working day of the month however we have documentation that this is not the case. If meters are going to be read on different dates it would be nice if transport customers would know in advance so nominations could be adjusted accordingly.

Why were the actual meter readings and dates read eliminated from the invoice?

How can the errors and inconsistencies in the billings be corrected?

Why are transport customers not informed when changes are made that have a financial effect on the customer? Also, when a new charge is added or the method for figuring the usage (such as the meter pressure factor), the customer should be notified with an explanation of the change. This could be sent with the monthly invoice unless the charges occur during the month before notice can be mailed out – then the customer should be contacted by phone.

Again, I feel that the continual changing of rules of the game by our local gas company is done to discourage schools from transporting gas. Every change or error is to the advantage of our local gas company. In discussions with staff from other schools they have found this to be the case as well. I have spent an enormous amount of time this year dealing with natural gas and incorrect invoices. I feel our district did not suffer too badly economically this year but if I included the staff time of our district personnel I am not sure that would be the case. With the shortfall of funding for education we need to do everything possible to save money for our school districts. In the past, transporting gas was a way we could save funds for other educational needs, and in some cases that is paying for at least one teacher.

We appreciate the KCC looking into this matter and hope some resolution can be made.