

Hearing Before the Utilities Committee – Kansas Senate- regarding KCP&L Rate Increase

- Robert Kovar procured KCP&L service for his residence in Miami County in the fall of 2005, constructing an “all-electric” home including a high-efficiency heat pump and electric water heater. His prior service at a 110-year-old farm house on the same property had been fully converted to “all-electric” power after his purchase of the property in 1991.
  - KCP&L, as is historically verifiable, proffered significant incentives for the exclusive use of electric power including discounted winter heating rates, assistance in contacting specific heating and air and water-heating equipment contractors, and assistance in financing such utility construction through the company itself, local lenders and government rebates. Such incentives would be imperative for any decision toward the use of that equipment, due to the cost per Btu of electric heat and water heating when compared with propane, natural gas, wood heat or geothermal units.
  - Notice of proposed rate changes is required of the utility companies. Announcements that KCP&L was proposing an across-the-board increase were made and hearings were scheduled. Significant increases had not been adopted for several years, and the request actually seemed reasonable and acceptable.
  - Mr. Kovar noticed what seemed to be a marked increase in his October, 2011 billing. A comparison of the previous year showed a usage of 1450 Kwh in 2010 and 1508 Kwh in 2011. The per day usage was 53.7 and 55.8 Kwh, or \$3.36/day vs. \$5.35/day respectively. The billings were \$90 and \$145. The increase amounted to almost exactly 60% for virtually the same usage. There was no notice of either the pending or actual change to Mr. Kovar’s billing status.
  - A call to KCP&L revealed that “political” considerations from competing power providers led to a reduction of the all-electric discount rather than an across-the-board increase. Customer service seemed to indicate that the utility was somewhat led or directed to change their initial request.
  - Mr. Kovar contacted KCC to initiate an informal complaint against KCP&L. Numerous conversations led to the advice to follow up that complaint with a formal complaint, and the forms and instructions were forwarded and verbally confirmed. Extensive conversations were held with both KCC and with CURB, and included some disclosures that CURB had encouraged and supported the change in the rate request, and had forwarded a form of cost-to-service study indicating that “all-electric customers had ridden on the back of the other customers for years”.
  - Mr. Kovar received the response from the litigation counsel for KCC indicating that his complaint did not include the specific regulations which had been violated, and that although his displeasure with his rates was evident, his complaint would be recommended for dismissal within 14 days because violations were not “articulated” nor “facts” evident to support that complaint.
  - A lengthy call to that counsel, although courteous and informative, was unfruitful, and Mr. Kovar advised counsel that there would not be a revised complaint, and he would await the dismissal notification before proceeding with any further legal or class-action pursuits. Note: There is some question whether the KCC response, because of the dates of the docket cases, referenced the correct rate request.
1. There is an obvious and sustainable verbal, historical and implied contract of rate commitment between all-electric subscribers and the utility.
  2. Notice of the specific and significant increase was never given, nor opportunity for comment on that increase provided prior to KCC ordering the change.
  3. Cost-to-service studies allowed no input from one of the principals, the customer, who would have also provided a history of service interruptions, equipment damage and repairs, and historical utility agreements with the state to provide rural service in granting utility monopoly in geographical areas.
  4. Customers filing complaints, lay citizens without legal counsel, cannot be expected to provide KAR references to lodge complaints, although Mr. Kovar has researched the applicable regulations and would be glad to review those with litigation counsel and CURB if necessary. The facts were obvious, and references to the violations of the spirit and intent of the rate increase process were evident.

Complainant simply desires a return to the winter heat discounted rates. Future offers of the rates can easily be negotiated for new customers, but a “grandfather” provision is understandably and arguably required for the scope of a change like this. Otherwise, the utility, and/or KCC must offer each all-electric customer the opportunity and resources to convert to options they could and would have considered without the original rate incentive.