

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Pat Apple

In the Matter of the Application of Westar)
Energy, Inc. and Kansas Gas and Electric)
Company for Approval of Revisions to) Docket No. 14-WSEE-148-TAR
Their General Terms and Conditions to)
Implement an Optional Prepay Service Pilot)
Program.)

ORDER APPROVING STIPULATION AND AGREEMENT

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having reviewed the pleadings and record, the Commission finds and concludes as follows:

PROCEDURAL BACKGROUND

1. On October 1, 2013, Westar Energy, Inc. and Kansas Gas and Electric Company (Westar) filed an application with the Commission for approval of proposed revisions to the general terms and conditions of their tariff in order to implement an optional prepay service pilot program.¹ The prepay program is a voluntary pilot program limited to 1,000 customer participants.² It is designed to give customers the option to prepay for their electric service. The voluntary prepay program would allow customers to make smaller payments in advance for service rather than receiving a larger bill at the end of the monthly billing period and would eliminate the deposit requirement for those customers.³

2. In an order issued October 15, 2013, the Commission suspended the effective date of Westar's application until May 29, 2014.

¹ Application, ¶ 2.

² Stipulation and Agreement, ¶ 1.

³ *Id.*

3. On January 6, 2014, the Citizens' Utility Ratepayer Board (CURB) filed a Motion to Dismiss Application.⁴ CURB asserted Westar's Application was not supported by any testimony to explain the proposed pilot program, and thus failed to make a prima facie showing that the proposed program is reasonable and in the public interest. CURB stated Westar had verbally agreed to provide testimony supporting its application in a meeting between the parties on December 22, 2013, but had subsequently backed out on that agreement. CURB also identified a list of numerous unanswered questions regarding Westar's application.

4. On January 8, 2014, Commission Staff (Staff) filed its Response to CURB's Motion to Dismiss Application.⁵ Staff agreed with CURB's assertion that the application contained several deficiencies, and stated it does not oppose CURB's Motion and would support dismissal with instructions to Westar to refile and include testimony more fully explaining the proposed pilot program.

5. On January 16, 2014, Westar filed a Response to CURB's Motion to Dismiss.⁶ Westar argued the Commission has wide discretion to determine what information is required and what process will be used to evaluate any given application, based on the specific facts and circumstances involved. Westar also stated it had answered many of the questions CURB raised in its Motion to Dismiss in discovery requests. Westar argued it provided sufficient information in its application and proposed tariff, as well as during the discovery process, to allow Staff to file a report and recommendation on which the Commission can base its decision.

⁴ Motion to Dismiss Application, (January 6, 2014).

⁵ Response to CURB's Motion to Dismiss Application, (January 8, 2014).

⁶ Response of Westar Energy, Inc. and Kansas Gas and Electric Company to Motion to Dismiss, (January 16, 2014).

6. CURB filed a Reply to Westar's Response on January 27, 2014.⁷ CURB responded to Westar's arguments, disputing that questions regarding the proposed pilot program were answered through discovery and reasserting Westar failed to provide substantial competent evidence demonstrating its proposed pilot program is reasonable and in the public interest.

7. The Commission issued an Order Denying CURB's Motion to Dismiss and Directing the Parties to Develop a Procedural Schedule for the Filing of Testimony on March 6, 2014. Pursuant to that order, the parties submitted a Joint Motion for Procedural Schedule on March 10, 2014. The Prehearing Officer issued an order granting the Joint Motion and adopting the proposed procedural schedule on March 13, 2014.

8. On March 26, 2014, the parties filed testimony supporting their positions regarding Westar's application. Westar filed the Direct Testimony of Hal Jensen, explaining the prepay program and providing information regarding the success other utilities have experienced when implementing similar programs. Staff filed the Direct Testimony of Dr. Robert Glass, raising questions about the prepay program and recommending that the Commission not approve the prepay program without certain modifications. CURB filed the Direct Testimony of Stacey Harden raising questions about the prepay program and recommending that the Commission not approve the program at this time without gathering further information.

9. On April 10, 2014, the parties met to discuss the possibility of settlement in this docket. The parties now recommend the Commission approve Westar's application for the prepay pilot program.

10. On April 14, 2014, Staff filed a Motion for Order Modifying Procedural Schedule. Staff's Motion stated the parties to this docket participated in settlement discussions

⁷ Reply to Response of Westar Energy, Inc. and Kansas Gas and Electric Company to Motion to Dismiss Application, (January 27, 2014).

on April 10, 2014, and that such discussions continue. Staff therefore requested additional time to pursue settlement negotiations, as well as modification of the procedural schedule to permit the filing of a settlement agreement in this matter. Specifically, Staff moved the Commission to cancel the deadline for Staff's Report and Recommendation (R&R) (due April 15, 2014) and CURB and Westar's responses to Staff's R&R (due April 29, 2014). Staff stated the parties would file a motion for a new procedural schedule, in contemplation of a settlement in this docket, on or before April 22, 2014.

11. Also on April 14, 2014, CURB filed a Letter in Support of Motion for Order Modifying Procedural Schedule, stating both CURB and Westar support Staff's Motion and affirm Staff's assertions made therein.

12. The Commission issued an Order Modifying Procedural Schedule on April 17, 2014, granting Staff's motion and directing the parties to file a motion for a new procedural schedule by April 22, 2014. The parties filed a joint motion for procedural schedule on April 22, 2014, and the Prehearing Officer granted the motion in an order issued April 23, 2014, setting a deadline for the filing of a settlement agreement of April 25, 2014. The parties filed a Joint Motion to Approve Stipulation and Agreement on April 25, 2014, as directed.

TERMS OF THE STIPULATION AND AGREEMENT

13. All three parties filed testimony in support of the Stipulation and Agreement on April 28, 2014. The parties have agreed that Westar's prepay program, including the proposed tariff revisions as filed in its application, should be approved by the Commission, with certain conditions and modifications as follows:

- a. Customers flagged as Life Support customers in Westar's customer service system will not be eligible to participate in the prepay program.

- b. Customers with account balances in arrears greater than \$750 will not be eligible to participate in the prepay program.
- c. Westar will limit the total number of customers with preexisting arrears balances that participate in the prepay program to 250 of the pilot's maximum 1,000 participants, available on a first come, first served basis.
- d. Customers participating in the prepay program will not be charged a disconnect fee and will be charged a \$5 reconnect charge to reconnect service after being disconnected.
- e. Westar will provide customers participating in the prepay program a notification that the customer's balance is depleted. Westar will not disconnect the customer until 72 hours after notification of disconnection is provided. After disconnection, Westar will provide customers with a notification of the minimum payment amount required to re-establish service.
- f. Westar will make available a monthly statement of charges and payments for all customers in the prepay program. This statement will be available through Westar's website.
- g. The Cold Weather Rule Temperature Forecast Requirements related to disconnection will apply the same for prepay customers and post-pay customers. Westar will provide the same consideration to customers enrolled in the prepay program as post-pay customers regarding disconnections during extreme hot weather periods.
- h. For customers in arrears when they enter the program or who develop an outstanding balance after they are already in the program, the percentage of their

payments that will be applied to debt recovery will be determined on an individual customer basis, using a formula designed to mirror as closely as possible the 12-month payoff period that exists in the tariff for post-pay customers on payment plans.

14. The parties were unable to resolve the question of whether Westar is entitled to recover the full amount of costs associated with the prepay program in rates. This question will therefore be deferred until such time as Westar seeks to include costs associated with the prepay program in a general rate case.

15. The parties request that the Commission authorize Westar to establish a regulatory asset to defer the costs associated with the prepay program. Westar will have the burden of proof to support all prepay program costs, as well as fees received from prepay customers, deferred to such regulatory asset.

16. Westar will work with Staff and CURB to develop data tracking and reporting protocols to allow the Commission to assess the results of the prepay pilot program.

17. Commission approval of the Stipulation and Agreement will provide Westar with a limited waiver of certain Commission billing standards, applicable only during the pilot period, and only to those customers volunteering to participate in the prepay pilot program. Those billing standards are as follows:

- a. Section III, which relates to security deposits;
- b. Section IV, Item C (2), which relates to the requirement that a utility employee must go to a customer's premises to disconnect service and must accept payment when personal contact is made with the customer prior to disconnection;

- c. Section IV, Item G, which relates to the requirement that the utility attempt to make personal contact with the customer before disconnection at any time and accept payment when the personal contact is made with the customer prior to disconnection;
- d. Section V, Item D (2), which relates to the requirements during the Cold Weather Rule period including the requirement to send written notice by first-class mail at least ten days prior to termination of service, and that the utility attempt to make an additional personal contact the day before disconnection if the utility is unable to reach the customer by phone that day.

JURISDICTION AND STANDARD OF REVIEW

18. The Commission is given full power, authority and jurisdiction to supervise and control the electric public utilities, as defined in K.S.A. 66-101a, doing business in Kansas, and is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction.⁸ Electric public utilities subject to the Commission's jurisdiction are "required to furnish reasonably efficient and sufficient service and facilities for the use of any and all products or services rendered, furnished, supplied or produced by such electric public utility, to establish just and reasonable rates, charges and exactions and to make just and reasonable rules, classifications and regulations."⁹ "[A]ll incidental powers necessary to carry into effect the provisions of [the Electric Public Utilities Act, K.S.A. 66-101 et seq.,] are expressly granted to

⁸ K.S.A. 66-101; K.S.A. 66-101a; K.S.A. 66-104.

⁹ K.S.A. 66-101b.

and conferred upon the commission.”¹⁰ The Commission therefore applies a liberal construction to its grants of power, authority and jurisdiction.

19. The Commission must separately state findings of fact, conclusions of law, and policy reasons for its decision if it is an exercise of its discretion.¹¹ Any findings of fact must be based exclusively upon the evidence or record in the adjudicative proceeding and on matters officially noticed at the proceeding.¹² Agency action must be based upon evidence that is substantial when viewed in light of the record as a whole.¹³

20. The Stipulation was presented to the Commission as a comprehensive agreement on Westar’s prepay pilot program. The attached Stipulation is considered a unanimous settlement agreement under K.A.R. 82-1-230a(a)(2).

21. In general, Kansas law favors compromising and settling disputes when the agreement is entered into intelligently, and in good faith.¹⁴

22. The Commission evaluates the evidence in the record as a whole regarding the proposed Stipulation in light of the following standards of review. The Commission has previously recognized its authority to approve settlements containing final terms that have been agreed to by the parties but that do not reveal how terms were reached.¹⁵ When adopting a settlement, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole and that the settlement will establish

¹⁰ K.S.A. 66-101g.

¹¹ K.S.A. 77-526(c).

¹² K.S.A. 77-526(d).

¹³ K.S.A. 77-621(c)(7), (d).

¹⁴ Docket No. 08-ATMG-280-RTS, Order Approving Contested Settlement Agreement (May 12, 2008), ¶ 10 (Atmos Settlement Order); *Bright v. LSI Corp.*, 254 Kan. 853, 858, 869 P.2d 686 (1994).

¹⁵ See Atmos Settlement Order, ¶¶ 9-10.

just and reasonable rates.¹⁶ To meet this requirement, the Commission utilizes a five factor test to evaluate a settlement:

- (1) Has each party had an opportunity to be heard on its reasons for opposing the settlement?
- (2) Is the agreement supported by substantial evidence in the record as a whole?
- (3) Does the agreement conform to applicable law?
- (4) Will the agreement result in just and reasonable rates?
- (5) Are the results of the agreement in the public interest, including the interests of customers represented by any party not consenting to the agreement?

23. Pursuant to K.A.R. 82-1-230a(b), the Commission has authority to approve, reject or modify a settlement agreement. In approving, rejecting or modifying a settlement, the Commission must make an independent finding that its decision regarding the settlement is supported by substantial competent evidence in the record as a whole and that the settlement will establish just and reasonable rates.¹⁷

24. In deciding whether to grant the parties' Joint Motion and approve the Stipulation, the Commission reviewed and considered the entire record, including all prefiled testimony of witnesses.

25. The Commission's decision, as reflected in this Order, is based upon a review of all issues raised in this proceeding, taking into account the issues upon which the parties have agreed.

EVALUATION OF THE STIPULATION

26. The Commission will consider the Stipulation by reviewing the five criteria identified for evaluating whether a specific settlement reached by the parties should be approved. Each criterion will be considered separately.

¹⁶ See Atmos Settlement Order, ¶ 11; *Citizens' Utility Ratepayer Board v. Kansas Corporation Comm'n*, 28 Kan. App. 2d 313, 316 (2000).

¹⁷ *Citizens' Utility Ratepayer Board*, 28 Kan. App. 2d at 316.

27. As stated above, the Commission has established five factors that it uses in evaluating settlement proposals. The five factors are as follows:

- (1) Has each party had an opportunity to be heard on its reasons for opposing the settlement?
- (2) Is the agreement supported by substantial evidence in the record as a whole?
- (3) Does the agreement conform to applicable law?
- (4) Will the agreement result in just and reasonable rates?
- (5) Are the results of the agreement in the public interest, including the interests of customers represented by any party not consenting to the agreement?

The Commission finds that the Stipulation satisfies these criteria as discussed below.

1. Has each party had an opportunity to be heard on its reasons for opposing the settlement?

28. Because the Stipulation is supported or unopposed by all parties, there are no parties opposing the settlement. Therefore, the first factor is not applicable to this proceeding. Nevertheless, the record indicates all parties actively participated in all aspects of the docket, including participating in discovery, Direct Testimony and testimony in support of the stipulation and agreement by all parties.

29. Because there are no parties in opposition to the Stipulation, this factor is not applicable. The Commission finds that no parties oppose the Stipulation, and all parties had an opportunity to be heard on the settlement.

2. Is the agreement supported by substantial evidence in the record as a whole?

30. Substantial competent evidence is that which possesses something of substance and relevant consequence, and which furnishes a substantial basis of fact from which the issues

tendered can reasonably be resolved.¹⁸ Whether another trier of fact or another party could have reached a different conclusion given the same facts is irrelevant; a court can only find that a Commission decision is not supported by substantial competent evidence when the evidence shows, “the [Commission’s] determination ‘is so wide of the mark as to be outside the realm of fair debate.’”¹⁹ The focus of the Commission’s inquiry is on the Application, Stipulation and Agreement and the testimony and other pleadings filed in this proceeding.

31. The optional prepay pilot program in the Stipulation is supported by all three parties (Westar, Staff, and CURB) that filed testimony on the issue.²⁰

32. Dr. Glass’s testimony in support of the Stipulation stated the agreement is supported by substantial competent evidence in the record.²¹ He stated that although the initial application lacked evidentiary support sufficient to justify approval, additional support was obtained through formal discovery and informal meetings between the parties, as well as through testimony filed by all parties.²² Dr. Glass further stated that the pilot program lacks many details and information at this time, but that one purpose of the pilot program is to gather information about how such a program should be structured, to measure the level of customer interest, and the determine other impacts of the program.²³

33. Ms. Harden’s testimony in support of the stipulation and agreement stated Westar’s application provided no evidence supporting the prepay pilot program, but that because this is a new program in Kansas, there is not a plethora of Westar or Kansas-specific evidence

¹⁸ *Kan. Gas & Elec. v. State Corp. Comm’n*, 14 Kan. App. 2d 527, 532 (1990) (quoting *SW Bell Tel. Co. v. State Corp. Comm’n*, 242 Kan. App. 2d 44, 46 (1979), *rev. denied* 227 Kan. 927 (1980)).

¹⁹ *Zinke & Trumbo, Ltd. v. State Corp. Comm’n*, 242 Kan. 470, 474 (1988).

²⁰ Testimony in Support of Stipulation and Agreement Prepared by Robert H. Glass, Ph.D., (Apr. 28, 2014) (Glass Support); Testimony of Hal Jensen in Support of Stipulation and Agreement, (Apr. 28, 2014) (Jensen Support); Testimony of Stacey Harden in Support of Stipulation and Agreement, (Apr. 28, 2014) (Harden Support).

²¹ Glass Support, p. 11.

²² *Id.*

²³ *Id.*

that can be placed into the record as a whole.²⁴ She stated the Stipulation and Agreement provides parameters for Westar's prepay pilot program and will allow for evidence to be gathered during the pilot, which can later be used to determine whether the pilot program should become permanent.²⁵

34. Having reviewed the evidence in the record, the Commission concludes that substantial competent evidence is present in the record as a whole to support the approval of the Stipulation without modification. The Commission finds the evidence in the record as a whole establishes the Stipulation is reasonable and should be approved.

3. Does the agreement conform to applicable law?

35. "An Order is 'lawful' if it is within the statutory authority of the commission, and if the prescribed statutory and procedural rules are followed in making the Order."²⁶

36. The Stipulation meets this test. The Stipulation deals with revisions to Westar's general terms and conditions to implement an optional prepay service pilot program. Thus, the subject matter of the Stipulation is within the Commission's authority.

37. Additionally, the applicable statutory and procedural rules have been followed. The Stipulation is the result of negotiations among and is supported by all of the Parties to this proceeding. All of the Parties have had the opportunity to engage in extensive discovery and have had the opportunity to present evidence both as to Westar's original filing and the Stipulation.

38. After a review of the Stipulation negotiated by the Parties, the Commission finds the Stipulation conforms to applicable law.

²⁴ Harden Support, p. 6.

²⁵ *Id.*

²⁶ *Central Kansas Power Co. v. State Corp. Comm'n*, 221 Kan. 505, Syl. 1 (1977).

4. Will the agreement result in just and reasonable rates?

39. Rates are “just and reasonable” when they reflect a reasonable balance between consumer and investor interests and provide the utility an opportunity to earn a reasonable return on its property dedicated to the public service.²⁷

40. The parties are in agreement that Commission approval of the Stipulation and Agreement will not have an impact on rates.²⁸

5. Are the results of the agreement in the public interest, including the interests of customers represented by any party not consenting to the agreement?

41. The Stipulation is supported by all the parties to this case. The parties are in agreement that the interests of all parties to this proceeding have been considered and the Stipulation and Agreement is in the public interest.²⁹

42. According to Mr. Jensen’s testimony, approval of the Stipulation and Agreement will result in the implementation of a new program that allows customers additional choices regarding how they pay for their electric service and how they manage their finances on a monthly basis.³⁰ He further stated that by implementing the prepay program as a pilot program, it will allow Westar and all parties to gather information about how the program works, how the required technology works with Westar’s system, what level of customer interest there is in the program, and whether the program impacts customer participants in unexpected ways or other aspects of Westar’s tariff or business.³¹ This approach reduces the risk of a new program for all

²⁷ See, e.g., *Kansas Gas and Electric Co. v. Kan. Corp. Comm’n*, 239 Kan. 483, 489-90 (1986).

²⁸ Glass Support, p. 12; Harden Support, p. 6; Jensen Support, p. 7.

²⁹ Glass Support, p. 13; Harden Support, p. 6; Jensen Support, pp. 8-9.

³⁰ Jensen Support, p. 9.

³¹ *Id.*

parties and allows the knowledge gained in the pilot to help shape the full scale program if it proves beneficial.³²

43. In reviewing the Stipulation and the record as a whole, the Commission finds the Stipulation to be in the public interest.

CONCLUSION

44. The Commission concludes that settlements are favored by law.³³ A settlement of issues, all or part, with or without unanimous agreement, will be entertained by the Commission.

45. The Commission approves the Stipulation and Agreement in its entirety. The Commission finds that all parties have had an opportunity to be heard in this proceeding and in the Stipulation; the Stipulation is supported by substantial competent evidence when viewed in light of the record as a whole; the Stipulation conforms to applicable law; the Stipulation will not result in an impact on rates; and the results of the Stipulation are in the public interest.

46. The Commission has reviewed the attached Stipulation and Agreement of the parties and concludes that the terms and provisions therein are an appropriate and reasonable disposition of this matter. The Commission therefore adopts and incorporates by reference the terms of the Stipulation and Agreement.

47. Finally, the Commission hereby orders the Parties to include in the reporting and information gathering regarding this prepay pilot program information regarding the total amount of disconnections for each customer class and the average elapsed time between disconnection and reconnection.

³² *Id.*

³³ *Bright*, 254 Kan. 853 at 858.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission grants the parties' Joint Motion to Approve Stipulation and Agreement and hereby approves Westar's application for an optional prepay pilot program, with certain modifications agreed to by the parties and described above.

B. The parties have 15 days from the date this Order was electronically served to petition the Commission for reconsideration.³⁴

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it deems necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner.

Dated: **MAY 29 2014**


ORDER MAILED MAY 29 2014
Kim Christiansen
Executive Director

JV

³⁴ K.S.A. 66-118b; K.S.A. 2013 Supp. 77-529(a)(1).

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of)
Westar Energy, Inc. and Kansas Gas)
and Electric Company for Approval of) Docket No. 14-WSEE-148-TAR
Revisions to Their General Terms and)
Conditions to Implement an Optional)
Prepay Service Pilot Program.)

STIPULATION AND AGREEMENT

As a result of discussions between the Staff of the State Corporation Commission of the State of Kansas (Staff), Westar Energy, Inc. and Kansas Gas and Electric Company (referred to as "Westar" collectively), and the Citizens' Utility Ratepayer Board (CURB) (referred to collectively as the "Parties"), hereby submit to the Kansas Corporation Commission (Commission) for its consideration and approval the following Stipulation and Agreement (Stipulation):

I. WESTAR'S APPLICATION

1. On October 1, 2013, Westar filed its Application with the Commission requesting approval of revisions to the General Terms and Conditions of their Tariff in order to implement an Optional Prepay Service Pilot Program (the Prepay program). The Prepay program is a voluntary pilot program limited to 1,000 customer participants. It is designed to give customers the option to prepay for their electric service. The voluntary Prepay program would allow customers to make smaller payments in advance for service rather than receiving a larger bill at the end of the monthly billing period and would eliminate the deposit requirement for those customers.

II. PROCEDURAL BACKGROUND

2. Pursuant to a Commission order issued on October 18, 2013, the effective date of this Application was suspended until May 29, 2014.

3. On January 6, 2014, CURB filed a Motion to Dismiss Application, asserting that Westar's Application was not supported by any testimony to explain the proposed pilot program, and thus failed to make a prima facie showing that the proposed program was reasonable and in the public interest.

4. On January 8, 2014, Staff filed its Response to CURB's Motion to Dismiss Application, agreeing with CURB's assertions relevant to deficiencies in Westar's Application, and stated it does not oppose CURB's Motion and would support dismissal with instructions to Westar to refile and include testimony more fully explaining the proposed pilot program.

5. On January 16, 2014, Westar filed a Response to CURB's Motion to Dismiss, arguing the Commission has wide discretion to determine what information is required and what processes will be used to evaluate any given application, based on the specific facts and circumstances involved. On January 27, 2014, CURB filed a Reply to Westar's Response, reasserting that Westar failed to provide substantial competent evidence demonstrating its proposed pilot program is reasonable and in the public interest.

6. On March 6, 2014, the Commission issued an Order Denying CURB's Motion to Dismiss and Directing the Parties to Develop a Procedural Schedule for the Filing of Testimony. Accordingly, the Parties developed such a procedural schedule.

7. On March 26, 2014, Westar filed the Direct Testimony of Hal Jensen explaining the Prepay program and providing information regarding the success other utilities have experienced when implementing similar programs.

8. On March 26, 2014, Staff filed the Direct Testimony of Robert Glass raising questions about the Prepay program and recommending that the Commission not approve the Prepay program without certain modifications.

9. On March 26, 2014, CURB filed testimony of Stacey Harden raising questions about the Prepay program and recommending that the Commission not approve the program at this time without gathering further information.

10. On April 10, 2014, the Parties met to discuss the possibility of settlement in this docket. The Parties reached agreement on the terms outlined below and, with these terms, now all recommend that the Prepay program be approved.

III. TERMS OF THE STIPULATION

After discussions among the Parties, they have agreed that Westar's Prepay program, including the proposed tariff revisions as filed in its Application, should be approved by the Commission subject to the following conditions and modifications:

A. Participation Limitations

11. Customers flagged as Life Support customers in Westar's customer service system will not be eligible to participate in the Prepay program.

12. Customers with account balances in arrears greater than \$750 will not be eligible to participate in the Prepay program.

13. Westar will limit the total number of customers with preexisting arrears balances that participate in the Prepay program to 250 of the pilot's maximum 1,000 participants, available on a first come, first served basis.

B. Notice/Disconnection

14. Customers participating in the Prepay program will not be charged a disconnect fee and will be charged a \$5 reconnect charge to reconnect service after being disconnected.

15. Westar will provide customers participating in the Prepay program a notification that the customer's balance is depleted. Westar will not disconnect the customer until 72 hours

after notification of disconnection is provided. After disconnection, Westar will provide customers with a notification of the minimum payment amount required to re-establish service.

16. Westar will make available a monthly statement of charges and payments for all customers in the Prepay program. This statement will be available through Westar's website.

17. The Cold Weather Rule Temperature Forecast Requirements related to disconnection will apply the same for Prepay customers and post-pay customers. Westar will provide the same consideration to customers enrolled in the Prepay program as post-pay customers regarding disconnections during extreme hot weather periods.

18. For customers in arrears when they enter the program or who develop an outstanding balance after they are already in the program (i.e., because of the Cold Weather Rule), the percentage of their payments that will be applied to debt recovery will be determined on an individual customer basis, using a formula designed to mirror as closely as possible the 12-month payoff period that exists in the tariff for post-pay customers on payment plans.

C. Other

19. The question of whether Westar is entitled to recover the full amount of costs associated with the Prepay program in rates could not be settled at this time. This issue will be deferred until such time as Westar seeks to include costs associated with the Prepay program in a general rate case. In such rate case, each Party will be free to make an independent assessment and recommendation regarding the appropriate level, if any, of cost recovery.

20. In order to defer the costs associated with the Prepay program, the Parties request that the Commission authorize Westar to establish a regulatory asset to defer such costs. Westar has the burden of proof to support all Prepay program costs, as well as fees received from prepay customers, deferred to the regulatory asset.

21. Westar will work with Staff and CURB to develop data tracking and reporting protocols so that the Commission can assess the results of the Prepay pilot. Westar will track and report the reasons why customers do not volunteer for the prepay program when that information is available.

22. Approval of the S&A will provide Westar with a limited waiver of the following Commission billing standards, applicable only during the pilot period, and only to those customers volunteering to participate in the Prepay pilot program. The Prepay program allows for a limited waiver of the following billing standards: Section III – which relates to security deposits; Section IV, Item C (2) – which relates to the requirement that a utility employee must go to a customer's premises to disconnect service and must accept payment when personal contact is made with the customer prior to disconnection; Section IV, Item G – which relates to the requirement that the utility attempt to make personal contact with the customer before disconnection at any time and accept payment when the personal contact is made with the customer prior to disconnection; and Section V, Item D (2) – which relates to the requirements during the Cold Weather Rule period including the requirement to send written notice by first-class mail at least ten days prior to termination of service, and that the utility attempt to make an additional personal contact the day before disconnection if the utility is unable to reach the customer by phone that day.

IV. MISCELLANEOUS PROVISIONS

A. The Commission's Rights

23. Nothing in this Stipulation is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that Westar is providing efficient and sufficient service at just and reasonable rates.

B. Parties' Rights

24. The Parties, including Staff, shall have the right to present pre-filed testimony in support of this Stipulation.

C. Waiver of Cross-Examination

25. The Parties waive cross-examination on all testimony filed prior to the filing of this Stipulation. The Parties agree that all such prefiled testimony and testimony filed in support of the Stipulation may be admitted into the record without objection.

D. Negotiated Settlement

26. This Stipulation represents a negotiated settlement that fully resolves the Issues addressed in this document. The Parties represent that the terms of this Stipulation constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation in the instant proceeding. If the Commission accepts this Stipulation in its entirety and incorporates the same into a final order without material modification, the Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

E. Interdependent Provisions

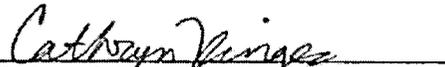
27. The provisions of this Stipulation have resulted from negotiations among the Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation in total, it shall be voidable and no Party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in

such event, this Stipulation shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

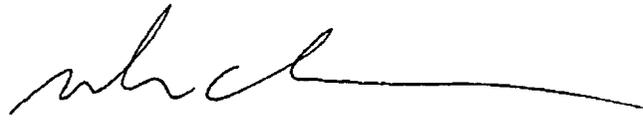
IN WITNESS WHEREOF, the Parties have executed and approved this Stipulation and Agreement, effective as of the 25th day of April 2014, by subscribing their signatures below.

BY: 
Amber Smith, #23911
Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Rd.
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WESTAR ENERGY, INC. AND
KANSAS GAS AND ELECTRIC COMPANY



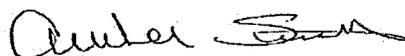
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ATTORNEYS FOR CITIZENS' UTILITY
RATEPAYER BOARD

VERIFICATION

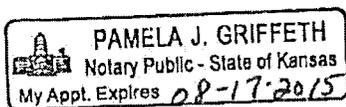
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

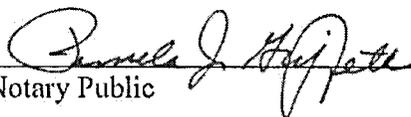
Amber Smith, of lawful age, being duly sworn upon her oath deposes and states that she is Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Joint Motion to Approve Stipulation and Agreement*, and attests that the statements therein are true to the best of her knowledge, information and belief.



Amber Smith, S. Ct. #23911
Litigation Counsel
The State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 25th day of April, 2014.





Notary Public

My Appointment Expires: *August 17, 2015*

CERTIFICATE OF SERVICE

14-WSEE-148-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Joint Motion to Approve Stipulation and Agreement was served by electronic service on this 25th day of April, 2014, to the following parties who have waived receipt of follow-up hard copies.

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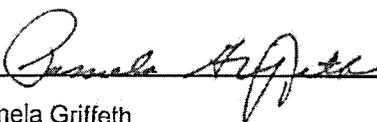
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Pamela Griffeth
Administrative Specialist

MAY 29 2014

CERTIFICATE OF SERVICE

14-WSEE-148-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Order Approving Stipulation and Agreement was served by electronic mail this 29th day of May, 2014, to the following parties who have waived receipt of follow-up hard copies:

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ORDER MAILED MAY 29 2014

MAY 29 2014

CERTIFICATE OF SERVICE

14-WSEE-148-TAR

Sheryl L. Sparks
Administrative Specialist

ORDER MAILED MAY 29 2014