

Media Backgrounder: Westar Energy's Proposed Mandatory Fee Hike

July 20, 2015

The U.S. energy sector is in the midst of major transition and innovation, from advances in renewable energy and energy efficiency to new technologies and growing consumer demand for renewable energy. Instead of evolving and innovating alongside the modern energy marketplace, however, some utilities are trying to force customers to pay higher mandatory fees regardless of how much electricity they use. This includes Westar Energy, which has petitioned the Kansas Corporation Commission (KCC) to more than double the mandatory fees charged to residential customers, from \$12/month to \$27/month by 2019 (DOCKET NO. 15-WSEE-115-RTS).

What is a Mandatory "Fixed" Fee?

Most electric utilities charge customers a fixed mandatory fee to cover costs associated with providing services, such as reading a meter or sending out bills. Added to mandatory fixed fees is a charge for electricity used over the billing period (known as the volumetric rate), which is expressed in cents-per-kilowatt-hour (kWh). Mandatory fees are fixed and are the same for every customer. Volumetric fees vary depending on how much energy the customer uses. Mandatory fees average between \$5 and \$10 per month across the country. Westar's current mandatory fee is already \$12/month, or \$144/year. Westar is proposing to increase the fee to \$27/month—or \$324 per year—by 2019. If approved, customer bills will go up substantially regardless of how much energy they use.

Other businesses with fixed costs – the oil industry, hotels and grocery stores for example – do not impose mandatory fees to cover their fixed costs. Instead, these costs are reflected in the product price, and consumers can control how much they spend by how much they purchase.

Mandatory Fee Hikes Draw Broad Opposition

Mandatory fixed rate hikes are opposed by a range of consumer, energy efficiency, and solar organizations because they erode widely-shared American values of self-determination, fairness and efficiency. Opponents of Westar's proposed fee hike include:

- AARP Kansas
- Jayhawk Area Agency on Aging
- Lawrence Ecology Teams United in Sustainability
- Kansas Natural Resource Council
- Flint Hills Renewable Energy & Efficiency Cooperative, Inc.
- Kansas Interfaith Power and Light
- Climate and Energy Project
- The Alliance for Solar Choice
- Kansans for Clean Energy
- National Consumer Law Center
- National Association of State Utility Consumer Advocates (NASUCA)

Relevant Quotes

"AARP Kansas is urging Westar customers to attend a public hearing or contact the KCC and tell commissioners why you think yet another Westar rate increase is unreasonable and unjustified." - See more at: <http://states.aarp.org/westar-wants-to-raise-rates-again/#sthash.WlqDln0v.dpuf>

“The Climate + Energy Project, a Kansas-based non-profit, is concerned that Westar’s high customer charge will diminish Kansans ability to save electricity with their energy efficiency investments. We hope the Commission will consider a rate structure that doesn’t penalize low energy users.”

The National Association of State Utility Consumer Advocates ". . . urges state public service commissions to reject gas and electric utility rate design proposals that seek to substantially increase the percentage of revenues recovered through the flat, monthly customer charges on residential customer utility bills – proposals that disproportionately and inequitably increase the rates of low usage customers, a group that often includes low-income, elderly and minority customers, throughout the United States." ([Resolution 2015-1](#) and [press release](#))

"Residential customers should have as much control over the amount of their bills as possible so that they can reduce their monthly expenses by using less power, either for economic reasons or because of a general desire to conserve energy. Leaving the monthly charge where it is gives the customer more control." Missouri PSC order rejecting Ameren's proposal to increase residential fixed charge from \$8 to \$8.77/mo. 4/29/15

Upcoming Hearings on Westar’s Proposed Mandatory Fee Hike

The KCC is holding two public hearings on the proposed mandatory fee hike:

Tuesday, July 21 4:30 PM Open House 6:00 PM Public Hearing <i>Topeka:</i> Farley Elementary School 6701 SW 33 rd St Open House and Video Conferencing: <ul style="list-style-type: none">• Emporia: Flint Hills Technical College, Conference Rooms A, B & C, 3301 W. 18th St.• Salina: Kansas State University, College Center, Conference Room #103, 2310 Centennial Road	Thursday, July 23 4:30 PM Open House 6:00 PM Public Hearing <i>Wichita:</i> Wichita State University, Lowe Auditorium, 5015 E. 29th St. N. Open House and Video Conferencing: <ul style="list-style-type: none">• Hutchinson: Kansas Cosmosphere & Space Center, Banquet Room, 1100 N. Plum St.• Pittsburg: Pittsburg High School, Auditorium, 1978 E. 4th St.
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KCC is accepting public comments on Westar’s proposed mandatory fee hike through August 11, 2015. Comments can be submitted via the following:

- Email: public.affairs@kcc.ks.gov
- Phone: 1.800.662.0027 or 785.271.3140
- Mail: Kansas Corporation Commission Office of Public Affairs and Consumer Protection
1500 SW Arrowhead Road
Topeka, KS 66604-4027

More Information

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