

# Citizens' Utility Ratepayer Board

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State of Kansas  
Sam Brownback, Governor

David Springe, Consumer Counsel  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
Phone: (785) 271-3200  
Fax: (785) 271-3116  
<http://curb.kansas.gov>

## PRESS RELEASE

### CURB Recommends \$11.6 Million Decrease in Westar Rates

TOPEKA, Kansas, January 5, 2012 - The Citizens' Utility Ratepayer Board (CURB) filed testimony today recommending an \$11.6 million rate decrease for Westar Energy (Westar). Westar is seeking a \$90.8 million rate increase in customer rates from the Kansas Corporation Commission (KCC). (*KCC Docket No 12-WSEE-112-RTS*)

CURB recommends the KCC make the following major adjustments to Westar's request:

- **Reduce shareholder profit to 8.85% from Westar's requested 10.6%**

*This adjustment reduces Westar's request by approximately \$64 million.*

- **Remove \$13 million of management incentive and bonus compensation pay.**

*Non-union employees have had 8 salary increases from 2006-2011 totaling 27%.*

- **Reduce by \$9.1 million Westar's request to increase its tree trimming budget.**

*Westar requested an increase of \$20 million over its current budget. CURB recommends a smaller increase of \$14 million.*

- **Reduce Westar's requested rate case and regulatory expense by \$1 million.**

- **Design residential rates to minimize the increase for the first 900 Kwh of summer use, and increase the rate for usage above 900 Kwh.**

*CURB's rate design mitigates the impact on small users and sends appropriate price signals to encourage conservation.*

"CURB views our recommendation as very conservative," said David Springe, Consumer Counsel for CURB. "We have not reduced salaries for Westar's union or non-union employees, even though they have received generous raises. Nor are we recommending that Westar under-fund its employee pension account."

Springe also noted, "We are increasing Westar's tree trimming budget, which should increase overall reliability and decrease storm outages, a measurable benefit to Westar's customers. We are simply asking that KCC require Westar's executives and shareholders to tighten their belts, accept a little less profit and fewer bonuses."

Springe pointed out that even without this proposed \$90.8 million rate increase, Westar is on track to have increased rates 15 times between 2009-2012—increases totaling almost \$390 million. He said many of these increases are the result of increased construction expenditures to meet State and Federal government mandates and policy objectives.

“Between general rate cases and increases in annual surcharges, Westar customers can’t get a break,” said Springe. “The number of customers who simply can’t pay their electric bill is increasing and unfortunately, Westar says it will spend an additional \$2.3 billion on construction between 2011-2013, meaning customer rates are going to continue to increase.”

Springe praised Westar employees, describing them as “top notch. They do a great job making sure the lights stay on and that power arrives safely and reliably,” he said. “On the other hand, few Kansans enjoyed 27% salary increases over the last six years or received millions in bonuses. Seniors, many of whom are on a fixed income, and other Kansans who are unemployed or who are employed but haven’t had raises in recent years have all had to tighten their belts. It’s time for Westar to do the same.”

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Media Contact:  
David Springe, Consumer Counsel  
785-271-3200

**NOTE: WESTAR RATE CASE FACT SHEET IS ATTACHED**

### **Evidentiary Hearing Information**

The KCC will conduct a hearing on Westar’s request February 13-17, 2012. The KCC must make a decision in the case by April 23, 2012.

The KCC will accept comments from Westar customers through February 08, 2012. Comments regarding this case should reference Docket No.12-WSEE-112-RTS and should be sent to the Kansas Corporation Commission Office of Public Affairs and Consumer Protection, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604-4027. Comments may also be submitted by e-mail to the Commission at [public.affairs@kcc.ks.gov](mailto:public.affairs@kcc.ks.gov) or can be made by telephone at 1-800-662-0027.

# Westar Rate Case Fact Sheet

## ■ Westar rate increases 2009-2012, *not* including current \$90.8 million request:

### 2009

\$130.0 million general (requested \$177 million) (Rates effective January 2009)  
\$ 31.8 million transmission line item  
\$ 32.4 million environmental line item

### 2010

\$17.1 million general (rates consolidated)  
\$ 6.0 million transmission line item  
\$13.5 million environmental line item  
\$ 5.8 million energy efficiency line item

### 2011

\$17.4 million transmission line item  
\$11.2 million environmental line item  
\$ 5.0 million energy efficiency line item  
\$22.0 million wind costs in fuel charge<sup>1</sup> (150 MW since 2010)

### 2012 (based on Westar projections)

\$24.0 million transmission line item  
\$21.0 million environmental line item  
\$ 3.0 million energy efficiency line item  
\$48.0 million wind costs in fuel charge (300 MW end of 2012)

**Total increases 2009-2012 = \$388.2 million**

## ■ Westar's future capital expenditure projections 2011-2013 <sup>2</sup>

\$427 million generation replacement and other  
\$964 million environmental plant upgrades at Lawrence, Jeffery, LaCygne<sup>3</sup>  
\$518 million transmission  
\$304 million distribution  
\$14 million smart grid  
\$ 97 million nuclear fuel

**Total expected expenditures: \$2.3 billion**

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<sup>1</sup> Wind costs in the fuel charge are purchase power contracts required to meet the State Renewable Portfolio Standard. There may be some offsetting fuel savings that result from having these contracts. If there is a fuel savings, the savings also flows through the fuel charge to customer. Westar also owns 150 MW of wind, the cost of which is included in base rates.

<sup>2</sup> From Westar Investor Presentation, November 6-9, 2011: <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDQ2MzU1fENoaWxkSUQ9NDY5NzYzFR5cGU9MQ==&t=1>

<sup>3</sup> By 2015, Westar projects that the LaCygne project will total \$600 million, a figure preapproved by the KCC in Docket No. 11-KCPE-581-PRE.