February 14, 2020

Estimated financial impact / customer savings

Dear Dennis,

Thank you very much for your continuing support of Kansas Industrial Consumers Group ("KIC"). As you know, we recently received a very favorable outcome in Kansas Corporation Commission ("KCC") consolidated Docket Nos. 16-WSEE-375-TAR, 17-WSEE-377-TAR, and 18-WSEE-355-TAR – all regarding past Transmission Delivery Charges (TDCs) billed by Westar. In these proceedings, the KCC agreed with KIC and rejected its Staff's position that Westar's TDC rates should be retroactively reallocated – which would have resulted in large additional charges to business and school customers.

It's important for us to show KIC members the value of participating in our projects. By participating in utility rate matters, customers demonstrate their concerns to utilities, regulators, and policymakers. Though the value of participation is sometimes difficult to quantify, it puts consistent pressure on those entities to achieve and maintain reliable service at competitive rates in Kansas.

In this case, customers stood up against a damaging "retroactive ratemaking" proposal that would have set extraordinarily bad precedent in Kansas. As we emphasized to the KCC, Kansas customers should be able to confidently rely on posted utility rates when making their purchasing decisions – and rates should not be subject to retroactive adjustment.

But there are also very tangible financial benefits to KIC participation. As we detailed in past letters, KIC members secured immense financial savings and bill credits through participation in Westar's recent rate case (KCC Docket No. 18-WSEE-328-RTS), the Westar-KCP&L merger proceeding (KCC Docket No. 18-KCPE-095-MER), and Westar's proposed acquisition of a new 8% stake in Kansas's largest coal plant, Jeffrey Energy Center (KCC Docket No. 19-WSEE-355-TAR).

Likewise, KIC members will benefit financially from participating in these TDC proceedings. Absent KIC's participation and strong opposition, we believe the KCC would have very likely approved the KCC Staff's proposal to retroactively charge customers for past energy use. For the large power rate classes, the KCC Staff proposed an additional charge of $0.130110 per kW for each of the next 36 months.
We estimate Westar's largest hospital customer, Via Christi has a peak monthly electrical demand of about 14,000 kW. Assuming this level of demand, **Via Christi will save about $66,000 as a result of APS participating in this case** and defeating the KCC Staff's proposal.

Every other hospital's total savings can be estimated by multiplying the facility's peak monthly demand by the Staff's proposed extra charge and then multiplying that figure by 36 months. We expect the cumulative savings of all APS-member facilities will be very significant – **almost certainly in excess of $500,000.**

Sincerely,

Andrew J. French
Andrew J. French
James P. Zakoura
Kansas Industrial Consumers Group