

Kansas Administrative Regulations

Kansas Corporation Commission

Article 1.—Rules of Practice and Procedure

82-1-231. Filing requirements for rate proceedings.

(a) Each electric, gas, telecommunications, or water utility whose rates are under review by the commission at the request of the utility shall comply with this regulation and shall be prepared to establish, by appropriate schedules and competent testimony, all relevant facts and data pertaining to its business and operations that will assist the commission in arriving at a determination of rates that are fair, just, and reasonable both to the utility and the public. However, a telecommunications utility subject to price cap regulation pursuant to K.S.A. 66-2005(b), and amendments thereto, shall not be required to file the information described in this regulation with applications requesting a change in rates pursuant to K.S.A. 66-2005(g), (i), (j), (n), (o), (p), (r), and (s), and amendments thereto. Electric, gas, telecommunications, or water utilities whose rates are under review as a result of an investigation, complaint, or any other procedure may be required by the commission, on its own motion or by party request, to submit the same information described in subsection (c) of this regulation.

(b) Procedures for different classes of utilities.

(1) For filing purposes, each utility shall be classified according to K.A.R. 82-1-204a.

(2) Each class A electric, gas, water, and telecommunications utility that files a major rate application, on its own initiative or as directed by the commission, shall prepare and submit its application and schedules in conformity with subsection (c) of this regulation. Any rural electric cooperative distribution system providing service to fewer than 15,000 customers may elect to follow the procedures outlined in K.A.R. 82-1-231a. Electric, gas, water, and telecommunications utilities, other than class A, may elect to follow the procedures outlined in K.A.R. 82-1-231b.

(3) Any utility that proposes a change in rates within 12 months after a commission order following a general rate proceeding and investigation may submit schedules

eliminating data that duplicates information provided in the original schedules if both of the following conditions are met:

(A) The utility is willing to adopt all the regulatory procedures, principles, and rate of return established by the commission in that order.

(B) The utility receives prior approval from the commission.

(4) An application by a class A utility shall be construed to be a major rate application if any of the following conditions is met:

(A) The application relates to a general increase in revenues for the purpose of obtaining an alleged fair rate of return.

(B) Material changes in operations, facilities, or cost of service occur subsequent to the test year employed in any major rate decision, except for proposals that are for the sole purpose of compensating for the increased production or purchase cost of a principal product.

(C) The application will, in the opinion of the commission, materially affect the public interest if it is granted.

(c) Class A utility rate proceedings: application and evidence.

(1) Each major rate application by a class A utility shall be accompanied by schedules that will indicate to the commission the nature and extent of the relief requested.

(2) Each application shall be based upon data submitted for a test year. The test year selected by the applicant may be disapproved by the commission for cause.

(3) The original, nine photocopies, and one electronic copy of the application and supporting schedules shall be filed with the commission. The supporting schedules shall be organized by topical sections with page numbers for each schedule. Negative numbers shall be shown in parentheses. Amounts included in the application shall be cross-referenced between the appropriate summary schedule and supporting schedules as well as between the various sections. Referencing shall include allocation ratios. All items shall be self-explanatory, or additional information, cross-references or explanatory footnotes shall be presented on the schedule.

(A) Original and photocopies. The original and each photocopy of the application and schedule shall be bound together under one loose-leaf binder. If the bulk of the

material would make such handling impractical, two or more volumes in loose-leaf form shall be filed. The size of print used in the application and schedules shall not be smaller than elite type reduced 25 percent. The application shall be assembled with index tabs for each section.

(B) Electronic copy. The electronic application and schedules shall be submitted in a format and type of disk that the applicant and staff have agreed upon. All formulas shall be imbedded in the schedule, and all schedules shall be linked where appropriate. Reports required by paragraphs (c)(4)(A), (B), (M) and (P) shall be exempted from the electronic filing requirement. A waiver may be granted from all or any part of the electronic filing requirement.

(4) The form, order, and titles of each section shall conform to the following requirements:

(A) Section 1: Application, letter of transmittal, and authorization. This section shall contain a copy of the application, a copy of the letter of transmittal, and the appropriate document or documents authorizing the filing of the application, if any.

(B) Section 2: General information and publicity. This section shall describe the means generally employed by the utility to acquaint the general public that would be affected by the proposed rate change with the nature and extent of the proposal. This section may include statements concerning newspaper articles and advertisements, meetings with public officials, civic organizations, and citizen groups, and shall include general information concerning the application that will be of interest to the public and suitable for publication. This information shall include the following, if applicable:

- (i) The aggregate annual revenue increase that the application proposes;
- (ii) the names of communities affected;
- (iii) the number and classification of customers to be affected;
- (iv) the average, per customer increase sought in dollars and cents;
- (v) a summary of the reasons for filing the application;
- (vi) any other pertinent information that the applicant may desire to submit or that the commission may require; and
- (vii) copies of any press releases issued by the applicant before or at the time of filing the application for a rate review that relate to that review.

(C) Section 3: Summary of rate base, operating income, and rate of return. This section shall contain schedules that show the components of the test year rate base, operating revenues, expenses, and income as well as the rate of return under the present and proposed tariff or tariffs. The schedules shall be presented as follows:

(i) The first schedule shall summarize, for each utility service for which the rate change is sought, the total Kansas and commission jurisdictional components of the rate base, operating revenues, expenses, net income, and rate of return.

(ii) Supporting schedules shall show the unadjusted commission jurisdictional figures and shall further set out each adjustment to arrive at the total adjustments. When added to the unadjusted total, the adjusted commission jurisdictional figures shall correspond with the commission jurisdictional figures presented on the first schedule of this section.

(iii) Additional schedules not applicable to other sections of the application may be set out in this section.

(D) Section 4: Plant investments. This section shall contain the items of plant investment, presented in the following manner:

(i) The first schedule shall detail, by functional classification, unadjusted amounts, adjustments to these amounts, and jurisdictional allocations.

(ii) Supplemental schedules, by primary account, shall set forth year-end plant investment for the three calendar years preceding the test year, for the test year, and for the 12-month period preceding the test year. Additional schedules setting forth pertinent information related to the plant may be submitted under this section. "Primary account," as utilized in this regulation, shall mean the account classification provided in the uniform system of accounts prescribed by the commission for the utility.

(E) Section 5: Accumulated provision for depreciation, amortization, and depletion. This section shall contain schedules that shall show by functional classification, using dates corresponding with the dates of plant investment data submitted under section 4, the balances of the reserve accounts in which the credits representing provisions for depreciation, amortization, depletion, any adjustments thereto, and jurisdictional allocations are accumulated. Upon commission request, or if considered relevant by the utility, schedules may be submitted showing analysis of the activities of the reserve accounts relating to the plant in service, segregated by primary accounts, or other

segregation as is required by the uniform system of accounts prescribed by the commission for that utility.

(F) Section 6: Working capital. This section shall set forth in detail each component of the working capital items the applicant proposes to submit as elements in the composition of the rate base. This section shall be presented as follows:

(i) The first schedule shall contain the components included in working capital, adjustments to this, and jurisdictional allocations.

(ii) The method of calculation for each component of working capital and a complete explanation of any pro forma adjustments shall be included in supporting schedules.

(G) Section 7: Capital and cost of money. This section shall contain the following:

(i) A schedule indicating the amounts of the major components of the capital structures of the utility, including long-term debt, preferred stock, and common equity, outstanding at the beginning and at the end of the test year. This schedule shall contain the ratios of each component to the total capital including the percentage cost and the requested overall rate of return. If only a portion of the capital serves the utility operations involved in the proceeding, as would be the case in a multiutility or multistate operation, the schedule shall show an appropriate allocation of the capital items;

(ii) a schedule disclosing the cost of each issue of debt and preferred stock outstanding, with due allowance for premiums, discounts, and issuance expense. Data relating to the other components of capital as may be appropriate shall also be included;

(iii) a schedule displaying historical interest coverage for at least the three calendar years preceding the test year, the test year, and the 12-month period preceding the test year. The method used in the calculation shall be indicated and shall be consistent with the applicant's bond and indenture requirements; and

(iv) the consolidated capital structure, if the applicant is a part of a consolidated group or a division of another company.

(H) Section 8: Financial and operating data. This section shall contain the following, for each of the three calendar years immediately preceding the test year, the test year, and the 12-month period preceding the test year:

(i) A balance sheet by primary account;

(ii) comparative income and retained earnings statements. The primary account numbers shall be shown, and dividends paid, by class of stock, shall be indicated;

(iii) operating revenue and expenses by primary accounts;

(iv) operating statistics appropriate to the type of utility, including kwh or mcf sales by rate schedules and customer consumption, power cost per kwh, minutes of use identified by access or toll and toll, and recurring and nonrecurring, and maintenance cost per subscriber. The statistics shall be presented in at least the same detail as is required in the annual reports to the commission; and

(v) annual payrolls by primary account.

(I) Section 9: Test year and pro forma income statements. The first schedule shall present an operating income statement depicting the unadjusted test year operations, pro forma test year operations, and allocations to jurisdictions. Supporting schedules shall set forth a full and complete explanation of the purpose and rationale for the pro forma adjustments. These pro forma adjustments may include the following:

(i) Adjustments to reflect the elimination or normalization of nonrecurring and unusual items; and

(ii) adjustments for known or determinable changes in revenue and expenses.

(J) Section 10: Depreciation and amortization. This section shall include the schedules indicating depreciation rates by primary account, depreciation expense for the test year, and amounts charged to operations, clearing accounts, and construction. If items of amortization appear in the income statements, schedules showing the basis for those items shall also be included in this section or made available. If new depreciation rates are proposed, a copy of the depreciation study shall be provided or made available.

(K) Section 11: Taxes. This section shall contain the following information:

(i) The first schedule shall detail the various taxes chargeable to operations, allocated jurisdictionally. Appropriate supporting schedules for taxes other than income taxes shall be provided if pro forma adjustments are presented.

(ii) A schedule disclosing the calculation of taxable income shall be included.

(iii) A description of adjustments to arrive at taxable income, including method of computation, shall be provided.

(iv) A schedule shall be provided depicting the calculation of income taxes, the jurisdictional allocation of those taxes, and a division of those taxes to reflect current and deferred taxes.

(v) A schedule shall also be included for deferred investment tax credits showing the annual charges, credits, and the balance to that account for a period of not less than 10 years. Furthermore, those schedules shall show the accumulated investment tax credits by the pertinent effective rate or rates for the test year and the 12-month period preceding the test year.

(vi) A schedule shall be included for deferred income taxes showing the annual charges, credits, and balance to the account for a period of not less than 10 years and for the test year and the year preceding the test year. For both the investment tax credits and deferred income tax schedules, the test year and the 12-month period preceding the test year balances shall be allocated to the jurisdictions.

(L) Section 12: Allocation ratios. This section shall contain a complete detail for all ratios used in the allocations between jurisdictions, areas of operations, departments, classes of customers, and other allocable items. In addition, this section shall include a narrative description of the rationale for each allocation ratio, the components included in the calculation of the ratio and their source, the allocation percentages applicable to jurisdictions or departments, and what is being allocated by the ratio.

(M) Section 13: Annual report to stockholders and the U.S. securities and exchange commission. This section shall contain the following:

(i) The most recent annual report of the utility to its stockholders and, if the utility is a subsidiary of a parent corporation, the most recent annual report of the parent corporation to its stockholders; and

(ii) if applicable, a copy of the most recent form 10-K filed with the U.S. securities and exchange commission.

(N and O) Sections 14 and 15: Additional evidence. These sections shall include all other schedules, exhibits, and data deemed pertinent to the application that may not be properly included under the preceding sections. This additional evidence may be submitted at the option of the applicant and shall be submitted upon the direction of the commission.

(P) Section 16: Financial statements. This section shall include a copy of the financial statements for the most recent fiscal year. These financial statements shall have been audited by an independent certified public accountant and an opinion rendered thereupon.

(Q) Section 17: This section shall be applicable only to applications and schedules filed by or pertaining to the operations of gas or electric utilities. This section shall contain a summary schedule that provides, by general customer classification, the test year revenues utilizing the existing and proposed tariffs. The test year revenues under existing tariffs shall be adjusted if pro forma normalization or annualization adjustments are appropriate. Also, this section shall include a schedule detailing the following data for the test year, by tariff schedule:

- (i) The tariff number;
- (ii) a narrative description of that tariff number;
- (iii) the average number of customers served during the test year;
- (iv) the units sold;
- (v) the base revenue;
- (vi) the revenue from riders, fuel, or purchased power clauses;
- (vii) the total revenue, utilizing the existing tariff. The total revenue shall be shown as adjusted, if appropriate;
- (viii) revenue per unit sold;
- (ix) the proposed tariff revenue;
- (x) the proposed revenue per unit;
- (xi) the dollar increase; and
- (xii) the percentage increase.

(R) Section 18: This section shall contain the proposed rate change schedules. All new language or figures shall be designated by underlining or in another appropriate manner. All deleted language or figures shall be designated in a different manner, such as italics. Upon request, and within the time limits determined by the commission, filing of the proposed rate schedule, or other materials required to be filed under this regulation, separate from the filing of the application and schedules may be permitted by the commission.

(d) Revisions of applications and schedules. If the applicant desires to make revisions to its application and schedules, other than minor corrections and insertions that require only interlineation and do not unduly prolong the hearing with respect to the application or schedules, the applicant shall file with the commission those revised schedules that are necessary to reflect the desired revisions, as follows:

(1) Each page of any such revised section or schedule shall bear the same section letter designation, schedule number, and page number as the original page with the word "Revised" and the date of the revision immediately below the original section, schedule, or page designation.

(2) The same number of copies of any revised sections, schedules, or pages shall be filed as the number of copies originally required to be filed.

(3) A copy of each revised section, schedule, or page shall also be served upon each party whose intervention has previously been permitted by the commission pursuant to K.S.A. 77-521, and amendments thereto, and K.A.R. 82-1-225.

(4) All revised sections, schedules, and pages shall be filed in accordance with the provisions of K.A.R. 82-1-221, unless otherwise ordered by the commission for good cause shown.

(5) Substantial revisions of the schedules, including changing to a different test year, may constitute grounds for a continuance of a scheduled hearing to a later date to be granted by the commission.

(e) Prefiled testimony shall be required in all utility rate proceedings filed according to subsection (c) of this regulation. The prefiled testimony shall be filed simultaneously with the filing of the application.

(f) Any data request issued by the technical staff shall be answered by the applicant within the time period stated on the data request. If the data request cannot be answered within the time period stated on the data request, applicant shall, before the due date, provide technical staff with a written explanation of the failure to comply.

(g) In any docket that constitutes a major rate application or that the commission determines is of sufficient public concern, one or more public information hearings may be ordered by the commission to be held in the service territory affected by the application. The order shall require publication notice of the filing of the application. The

publication notice shall give a concise description of the filing and advise the public of the date and location of each public information hearing. The public information hearing shall provide an opportunity for the applicant to explain its application and shall provide an opportunity for the public to address the commission concerning the application. A transcript shall be made of the public information hearing, but the transcript shall not become a part of the record in the proceeding.

(h) This regulation shall not apply to a change in rates for services by telecommunications utilities that are not subject to price regulation pursuant to K.S.A. 66-2005(v), and amendments thereto.

(i) For good cause shown, any of the requirements of this regulation may be waived by the commission.

(Authorized by K.S.A. 2001 Supp. 66-106; implementing K.S.A. 2001 Supp. 66-106 and 2001 Supp. 66-117; effective Jan. 1, 1966; amended Feb. 15, 1977; amended, E-78-31, Nov. 9, 1977; amended May 1, 1978; amended, E-82-1, Jan. 21, 1981; amended May 1, 1981; amended, T-83-43, Dec. 8, 1982; amended May 1, 1983; amended May 1, 1987; amended May 1, 1988; amended July 23, 1990; amended Oct. 10, 2003.)

***** Authenticated Kansas Administrative Regulation *****