

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

In the Matter of Addressing the COVID-19 )  
Pandemic in the State of Kansas ) Docket No. 20-GIMX-393-MIS

**NOTICE OF FILING OF STAFF REPORT AND RECOMMENDATION**  
**(REDACTED/PUBLIC VERSION)**

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), submits its Notice of Filing Staff Report and Recommendation and states as follows:

Staff hereby files the attached Report and Recommendation. This Report, dated January 7, 2021, recommends the Commission not reestablish a statewide moratorium on utility disconnections at this time. Staff will continue to monitor the reported monthly customer data and available information pertaining to business and labor market activity, statewide restrictions on personal and business activity, and updated data regarding the progression of COVID-19. Staff will be ready to supplement or revise this recommendation in the event the data indicates it prudent to do so.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation, and for any other further relief as the Commission deems just and reasonable.

Respectfully submitted,

s/Cole Bailey

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION  
REDACTED**

**\*\* [REDACTED] \*\* Indicates Confidential Data**

**TO:** Chair Susan K. Duffy  
Commissioner Dwight D. Keen  
Commissioner Andrew J. French

**FROM:** Andria Jackson, Deputy Chief of Revenue Requirements, Cost of Service and Finance  
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance  
Jeff McClanahan, Director

**DATE:** January 7, 2021

**SUBJECT:** Docket No. 20-GIMX-393-MIS: In the Matter of Addressing the COVID-19 Pandemic in the State of Kansas.

**EXECUTIVE SUMMARY:**

On May 5, 2020, the Commission issued its Third Emergency Order Suspending Disconnects, which required all jurisdictional public utilities to suspend the practice of disconnecting service for non-payment through May 31, 2020. Prior to the expiration of this Order, Staff recommended, and the Commission approved, all jurisdictional electric, natural gas, and water utilities be required to offer certain minimum protections to any residential or small commercial customer during the COVID-19 pandemic through the remainder of 2020. Subsequently, Staff filed a Report and Recommendation recommending the Commission approve an extension of the minimum protections currently in place into the year 2021, until the official end of the COVID-19 pandemic. On December 15, 2020, the Commission adopted Staff's recommendation to extend the consumer protections for the duration of the COVID-19 pandemic. Furthermore, in response to members of the public advocating for an order reinstating the suspension of disconnects, the Commission directed Staff to file a Report and Recommendation on whether an additional suspension of disconnects is warranted by January 8, 2021.

Based upon the results of our research and analysis, including a review of the status of other state disconnection moratoriums, an updated analysis of customer reporting data through November 2020, current unemployment rates in the State, and other factors as discussed below, Staff does not recommend a State-wide moratorium on disconnects at this time. Staff notes that several

utilities have decided to suspend the disconnection of utility service voluntarily, including the State's largest electric utility, Evergy, and the largest natural gas distribution utility in the State, Kansas Gas Service. Additionally, utility customers in the State are also protected by the Commission's Cold Weather Rule (CWR) through March 31, 2021. The CWR prohibits the disconnection of utility services for nonpayment anytime the weather is forecasted to drop below 35 degrees within the next 48 hours. Lastly, the Commission's Billing Standards contain provisions designed to protect customers for which disconnection of utility service "would be especially dangerous to the health of the customer, resident member of the customer's family or other permanent resident of the premises".<sup>1</sup>

The question of whether to reinstate a moratorium on disconnection of utility service does not lend itself to a straightforward or objectively determined answer. Rather, Staff believes that this is a subjective policy decision appropriately within the authority and purview of the Commission. Ultimately, we believe this decision represents a balancing act between offering customers additional protections and relief during a time of increased public health and economic stress on the State, versus allowing utilities a tool to continue to make progress on collecting arrearages so that these balances do not grow to an insurmountable burden for customers. Staff will continue to monitor the monthly customer reporting data submitted by the State's electric and gas utilities, as well as the Kansas unemployment and business activity data, and will stand ready to modify this recommendation in the event that the data indicates additional protections are needed to protect the public interest or avoid a significant increase in disconnections of utility customers.

#### **BACKGROUND:**

In response to the COVID-19 pandemic, Governor Kelly issued Executive Order 20-05 on March 17, 2020, prohibiting utility and internet disconnections for nonpayment until May 1, 2020. Subsequently, the moratorium on disconnections was extended via Executive Order 20-28, which expired on May 31, 2020.

On March 16, 2020, the Commission issued an Emergency Order Suspending Disconnects, pursuant to K.S.A. 77-536(b) to prevent or avoid the immediate danger to the public health, safety or welfare, and directed all public utilities under the Commission's authority to suspend the practice of disconnecting service for nonpayment while customers and communities experienced potential hardship from the COVID-19 virus.<sup>2</sup> The Commission's Emergency Order Suspending Disconnects was effective for 30 days, through April 15, 2020. On April 14, 2020, the Commission issued a Second Emergency Order Suspending Disconnects through May 15, 2020.<sup>3</sup> Since the threat of the COVID-19 pandemic remained, on May 5, 2020, the Commission issued a Third Emergency Order Suspending Disconnects until May 31, 2020.<sup>4</sup>

On May 6, 2020, Staff filed a Report and Recommendation recommending the establishment of baseline customer protections for residential and small commercial customers of all electric, natural gas, and water utilities, before the expiration of the Commission's final disconnect order

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<sup>1</sup> Billing Standards, Section IV.D, pp. 20-21. [https://kcc.ks.gov/images/PDFs/pi/billing\\_2012.pdf](https://kcc.ks.gov/images/PDFs/pi/billing_2012.pdf)

<sup>2</sup> *Emergency Order Suspending Disconnects*, Docket No. 20-GIMX-393-MIS (20-393 Docket) (Mar. 16, 2020).

<sup>3</sup> *Second Emergency Order Suspending Disconnects*, 20-393 Docket (Apr. 14, 2020).

<sup>4</sup> *Third Emergency Order Suspending Disconnects*, 20-393 Docket (May 5, 2020).

and the resumption of disconnection and collection activities.<sup>5</sup> The minimum customer protections recommended by Staff included: (1) a payment plan up to 12-months to pay off any delinquent account balances that arose during the Commission's prohibition on disconnections; and (2) the waiver of all late fees during the period of delinquency and repayment. Once the Commission's disconnection moratorium lifted, Staff recommended extending these baseline protections for the remainder of 2020, with the likelihood of an additional extension if the COVID-19 pandemic stretched into 2021.

On May 21, 2020, the Commission issued an Order concerning the expiration of its disconnection moratorium.<sup>6</sup> In the Order, the Commission adopted Staff's Report and Recommendation, requiring jurisdictional electric, natural gas and water utilities to offer its residential and small commercial customers the aforementioned minimum customer protections through 2020. In the event that the COVID-19 pandemic stretched into 2021, Staff was directed to file a recommendation in this Docket recommending an extension of these protections. Additionally, the Commission further directed Staff to monitor the impact of COVID-19 on customers and their utility companies in order to make additional recommendations in this Docket as appropriate.

On December 9, 2020, in accordance with the Commission's directive, Staff filed a Report and Recommendation, recommending the Commission extend the minimum protections currently in place.<sup>7</sup> Specifically, Staff recommended all jurisdictional electric, natural gas, and water utilities continue to be required to offer their residential and small commercial ratepayers minimum protections, including: (1) a payment plan of up to 12-months to pay off any delinquent account balance; and (2) the waiver of all late fees during the period of delinquency and repayment, until the official end of the COVID-19 pandemic.

On December 15, 2020, the Commission issued an Order adopting Staff's Report and Recommendation, requiring all jurisdictional electric, natural gas and water utilities to continue offering its residential and small commercial customers the minimum customer protections currently in place, until the official end of the COVID-19 pandemic.<sup>8</sup> Furthermore, the Commission directed Staff to file a Report and Recommendation on whether an additional suspension of disconnects is warranted by January 8, 2021.

## **ANALYSIS:**

### **Current Public Utility Commission Disconnection Moratoriums**

According to data gathered by Regulatory Research Associates (RRA), as of December 18, 2020, moratoriums on utility service terminations had expired for all customers in 28 of the 53 jurisdictions covered by RRA, which is up from 25 of the jurisdictions in early November.<sup>9</sup> RRA

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<sup>5</sup> *Notice of Filing of Commission Staff's Report and Recommendation*, 20-393 Docket (May 6, 2020).

<sup>6</sup> *Order Concerning Kansas Jurisdictional Utilities Following Expiration of Prohibition of Disconnects*, 20-393 Docket (May 21, 2020).

<sup>7</sup> *Notice of Filing of Staff's Report and Recommendation*, 20-393 Docket (Dec. 9, 2020).

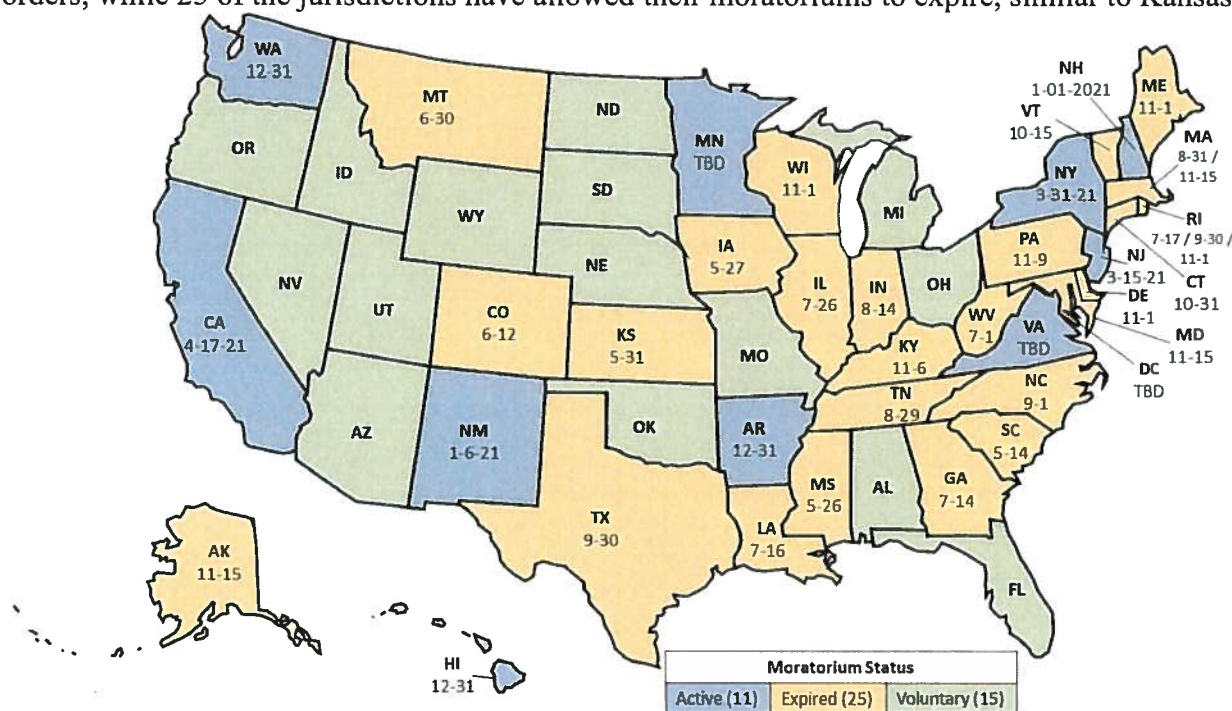
<sup>8</sup> *Order Extending Consumer Protections for Customers of Kansas Jurisdictional Utilities for Duration of COVID-19 Pandemic*, 20-393 Docket (Dec. 15, 2020).

<sup>9</sup> See

<https://platform.marketintelligence.spglobal.com/web/client?auth=inherit#news/article?id=61839247&KeyProductLinkType=16/>

reports that 13 of the 53 jurisdictions have a blanket moratorium against disconnections at this time, either due to COVID response or a winter disconnection moratorium. Despite the increasing disconnection moratorium terminations, many utilities continue to offer various methods of relief to customers negatively affected by COVID-19, including enhanced flexible payment options, guidance for customers about taking advantage of federal and state aid programs, and, in a few instances, utility-funded bill payment assistance programs. Furthermore, some utilities have also extended the moratorium for an additional period of time on a voluntary basis.

This data corresponds well with the information compiled by the National Association of Regulatory Utility Commissions (NARUC), which reports 11 active mandatory disconnection moratoriums (due to COVID-19) out of 51 jurisdictions as shown in the graphic below (last accessed on January 6, 2020).<sup>10</sup> In the other 41 jurisdictions, 15 never did issue blanket moratorium orders, while 25 of the jurisdictions have allowed their moratoriums to expire, similar to Kansas.



For the 11 jurisdictions that NARUC reports as having an active disconnection moratorium in place, Staff has researched when these disconnection moratoriums are scheduled to expire. Six of those jurisdictions (NH, AR, D.C., VA, MN, and NY) have tied the period of moratorium to the Declaration of Emergency in the State or District. The other five states (CA, NJ, HI, WA, NM) have a target-specific date that does not appear to be tied to the Declaration of Emergency. The table below reports the currently expected date the moratoriums are expected to expire.

<sup>10</sup> See <https://www.naruc.org/compilation-of-covid-19-news-resources/map-of-disconnection-moratoria/>

<u>Jurisdiction</u>	<u>Date of Expiration*</u>
Arkansas	2/27/2021
California	4/17/2021
District of Columbia	3/31/2021
Hawaii	3/31/2021
Minnesota	TBD
New Hampshire	1/22/2021
New Jersey	3/15/2021
New Mexico	1/6/2021
New York	3/31/2021
Virginia	TBD
Washington	4/31/2021
* As of 1/4/2021	

*Recent Decision on Disconnection Moratorium in Missouri*

On December 16, 2020, the Missouri Public Service Commission (MPSC) issued an Order denying the request made by the Consumers Council of Missouri for a moratorium on utility disconnections. The MPSC did not view the matter as one regarding terms and conditions of service under tariff, but rather concluded that an order of general applicability forbidding disconnections would constitute a “rule” under their statutes. Because ordinary rulemaking and emergency rulemaking in the state of Missouri requires notice and comment procedures, the MPSC believed it did not possess the authority to implement a disconnection moratorium.<sup>11</sup> Furthermore, the MPSC did not believe the consumer advocate group had provided sufficient evidence that the moratorium was necessary to protect the public from immediate danger.

*Analysis of Monthly Reported Customer Data*

In our Report filed in this Docket on December 9, 2020, we provided an overview of the monthly customer data reported by Evergy Kansas Central and Evergy Kansas Metro (Evergy), Black Hills Kansas Gas Utility Company LLC (Black Hills), The Empire District Electric Company (Liberty-Empire), Atmos Energy Corporation (Atmos), and Kansas Gas Service, a Division of One Gas, Inc. (KGS). We also provided a spreadsheet summarizing the reported customer data, which includes the following statistics:

- Number of Residential and Commercial Customers;
- Number of Involuntary Disconnections;
- Number of Reconnections;
- Number of Voluntary Disconnections;
- Total Outstanding Arrearage Balances;
- Number of Customers with Delinquent Accounts;
- Number of Residential Customers on COVID-19 Payment Plans;
- Average Residential Payment Plan Amount;
- Number of Customers Unable to Keep Payment Plan Arrangements;

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<sup>11</sup> *Order Denying Motion*, File No. AO-2021-0164 (Dec. 16, 2020).



- Percentage of Customers Unable to Keep Payment Plan Arrangements;
- Net Change in Customer Count (Residential and Commercial);
- Net Residential Customer Disconnections (Net of Reconnections); and
- Running Total of Residential Disconnections as a Percent of Total Residential Customers.

We have updated the spreadsheet to include the most recent reporting month (November) and have attached the spreadsheet to this Report as Attachment A. We have also worked with Southern Pioneer to include its arrearage and late account data into the spreadsheet.<sup>12</sup> While the reporting data provided has undoubtedly been affected by the beginning of the Cold Weather Rule, there are still valid data points that can provide the Commission with an indication of how well the minimum customer protections are working. A summary of the company specific reports is as follows:

- Evergy Kansas Central (EKC)—total arrearage balances (excluding customers on pay arrangements) declined from a high of \$23.8 million in June 2020 to a low of \$10.4 million in October 2020, then increased to \$14.8 million in November 2020. While the decline to \$10.4 million was impressive (the October 2020 number was actually lower than the same time period in 2019), the increase in November 2020 brings the total arrearage level back above the November 2019 level by \$3.1 million. This was also the largest monthly increase since April 2020. The number of EKC customers with a late account (again excluding customers on pay arrangements) increased during November 2020 as well, but this number remains slightly below the same time period in 2019. EKC has disconnected 27,317 residential customers since the Commission’s moratorium on disconnections expired May 31, 2020.<sup>13</sup> Of those customers, 21,910 have been reconnected for a total net disconnections of 5,407 residential customers. This amounts to .86% of EKC’s 630,269 residential customers. While not part of the data reported monthly in the AAO Docket, we also requested historical disconnection data from EKC to determine how the level of disconnections during the reporting period compares to the same time period in 2019. For the period of June 2019 to November 2019, EKC disconnected 31,031 residential customers for non-payment, 3,714 more than reported from June 2020 through November 2020.<sup>14</sup> As of November 2020, there were 13,001 residential customers on a payment plan, with an average monthly payment amount of \$60.49. On average over the period of reporting, each month 7.11% of customers have been unable to keep up with the payment plan terms, with 15.32% of customers in October unable to keep the terms of their arrangements.<sup>15</sup>
- Evergy Kansas Metro (EKM)—total arrears balances (excluding pay arrangements) have declined from a high of \$10.3 million in May 2020 to \$5.2 million in November 2020. Likewise, the total number of late accounts declined from a high of 20,957 customers in April 2020 to a low of 15,843 in October 2020 before rising again to 17,775 in November

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<sup>12</sup> Southern Pioneer did not request or receive an AAO, so its customer account reporting to date is more limited. Southern Pioneer has provided all data requested by Staff, and stands ready to supplement the reported data if requested by the Commission.

<sup>13</sup> Evergy continued the moratorium on disconnections on a voluntary basis through July 15, 2020.

<sup>14</sup> See Attachment B for the number of EKC customers reported as disconnected for non-payment in 2019.

<sup>15</sup> See Attachment A for the number of customers reported as breaking a payment arrangement, by month. EKC reports that customers may be included in the reported data multiple times, if multiple agreements have been broken.

2020. While EKM's 2019 arrearage data is not separated between Kansas and Missouri, in total the November 2020 level of arrearages is slightly lower than in November 2019. EKM reports that it has disconnected 3,365 customers for non-payment since July 2020, 2,914 of which have been reconnected, leaving a net running total disconnections of 451 customers, or .19% of EKM's total 235,572 residential customers. From June 2019 through November 2019, EKM disconnected 4,038 residential customers, 673 more than during the same reporting period in 2020.<sup>16</sup> As of November 2020, there were 1,352 residential customers on a payment plan, with an average monthly payment amount of \$66.25. Over the reporting period, each month an average of 4.54% of customers have been unable to keep up with the payment plan terms. However, EKM reported that 16.6% of customers in October were unable to keep the terms of their arrangements.<sup>17</sup>

- Kansas Gas Service (KGS)— total arrears balances declined from a high of \$12.9 million in June 2020 to \$7.7 million in October 2020, before increasing to \$8.9 million in November 2020. This is \$458,014 more in total arrearages than KGS had in November 2019. The total number of late accounts has been fairly steady, beginning at 46,347 in June 2020 and ending at 46,442 in November 2020. Although, there were still fewer customers with late accounts in November 2020 compared to November 2019.<sup>18</sup> KGS reports that it has disconnected 13,114 residential customers for non-payment since June 2020, 9,250 of which have been reconnected, leaving a net running total disconnections of 3,864 customers, or .66% of KGS's total 589,780 residential customers. For the same time period in 2019, KGS reports that it disconnected 12,331 residential customers.<sup>19</sup> As of November 2020, there were 37,070 residential customers on a payment plan, with an average monthly payment amount of \$41.67. On average, each month 5.63% of customers have been unable to keep up with the payment plan terms, although this percentage is growing in recent months with 13.3% of customers in November unable to keep the terms of their arrangements.
- Black Hills— total arrears balances declined from a high of \$1.8 million in April 2020 to \$1.1 million in November 2020. This is approximately \$200,000 more than the total arrearages Black Hills reported for November 2019. The total number of late accounts has declined from a high of 21,515 in April 2020 to \*\* [REDACTED] \*\* in November 2020. This is \*\* [REDACTED] \*\* less than the number of late accounts Black Hills reported for November of 2019. Black Hills reports that it has disconnected 986 customers for non-payment since August 2020, 376 of which have been reconnected, leaving a net running total disconnections of 610 customers, or .59% of Black Hills's total 103,310 residential customers. As of November 2020, there were 420 residential customers on a payment plan, with an average monthly payment amount of \$34.48. Black Hills reports that it has not disconnected any customers as a result of inability to keep up with a payment plan.

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<sup>16</sup> See Attachment B for the EKM reported disconnection data during 2019.

<sup>17</sup> See Attachment A for the monthly figures. EKM reports that that 4.97% of customers in September were unable to keep the terms of their pay arrangements, and only one customer was disconnected because of a broken payment arrangement in November 2020, which is .07% of the total number of residential customers on payment plans.

<sup>18</sup> KGS reports that there were 50,686 customers with delinquent accounts in November 2019.

<sup>19</sup> See Attachment B for KGS's reported disconnection data during 2019.



- Atmos— total arrears balances declined from a high of \$1.8 million in June 2020 to a low of \$725,563 in August 2020 before rebounding to \$1.1 million in November 2020. This is \*\* [REDACTED] \*\* more than the total arrearages Atmos reported for November 2019. The total number of late accounts has grown slightly from 15,836 in April 2020 to \*\* [REDACTED] \*\* in November 2020. This is, however, \*\* [REDACTED] \*\* less than the number of late accounts Atmos reported for November of 2019. Atmos has voluntarily continued its moratorium on disconnection activity, so it has not disconnected any customers for non-payment since reporting began. As of November 2020, there were 405 residential customers on a payment plan, with an average monthly payment amount of \$64.92. The monthly average of Atmos customers unable to keep up with a payment plan is 6.67%. In September 2020, Atmos reported that 19.61% of customers had broken their payment plan, but the percentage fell in October and November 2020 to 11.25% and .99%, respectively.
- Liberty-Empire—total arrears balances have stayed fairly steady, fluctuating from \$928,746 in April 2020 to \$908,013 in November 2020. This is substantially more than the level of arrearages reported for November 2019 of \$535,969. The total number of late accounts has grown as well from 2,969 in April 2020 to 4,069 in November 2020. This is 214 more than the number of late accounts reported for November of 2019. Liberty-Empire has disconnected 151 customers for non-payment through the reporting period, 63 of whom were reconnected, for a total net disconnections of 88, or 1.08% of Liberty-Empire’s 8,178 residential customers. As of November 2020, there were 24 residential customers on a payment plan, with an average monthly payment amount of \$136.17 (inclusive of the current bill). Liberty-Empire reports that there have not been any customers that were disconnected as a result of being unable to keep up with their payment plans.
- Southern Pioneer—total arrears balances have grown, from \$144,227 in April 2020 to \$184,758 in November 2020. The number of late accounts has also grown from 1,182 in April 2020 to 1,436 in November 2020. Southern Pioneer’s total arrearages are higher than the November 2019 level of \$154,476, but it reported less late accounts than the November 2019 level of 1,548.

Staff has prepared the table below to summarize the results of the reported monthly customer data. Out of the seven utilities with reported data, six have reported a reduction in overall arrearage levels since the reporting began. Five of the six utilities that are able to report on November 2019 late accounts have reported fewer outstanding late accounts in November 2020 compared to November 2019. The results are mixed for whether utilities have reported more or fewer customers with late accounts since the reporting began, and all but one utility reports having higher aggregate arrearage balances in November of 2020 compared to the same month in 2019. The data indicates that the vast majority of customers are able to keep up with the terms of their pay arrangements. For example, Evergy Kansas Central reports that 15.32% of Evergy Kansas Central’s customers on pay arrangements were unable to keep the terms of their agreements in October 2020, but the monthly average reported across the period from July to November is a much lower 7.11%. Additionally, since the reporting period began, only one utility (Liberty-Empire) reports residential customer net disconnections greater than 1% of current customers.

Summary of Reported Customer Data							
Reporting Utility	Reduction in Arrearage Balances in 2020	Reduction in Arrearage Balances from 2019	Reduction in Late Accounts in 2020	Reduction in Late Accounts from 2019	Monthly Average Percentage of Customers Unable to Keep Payment Plan	Total Residential Customers Disconnected and Not Reconnected	Running Net Total Customers Disconnected
Evergy Kansas Central	X		X	X	7.11%	5,407	0.86%
Evergy Kansas Metro	X	X	X	N/A	4.54%	451	0.19%
Kansas Gas Service	X			X	5.63%	3,864	0.66%
Black Hills	X		X	X	0%	610	0.59%
Atmos Energy	X			X	6.66%	N/A	N/A
Liberty Empire	X				0%	88	1.08%
Southern Pioneer				X			

Other Factors Considered

Staff has also considered other factors in its review, such as the level of current statewide restrictions on personal and business activity, the current unemployment rate (both statewide and at the county level), new weekly claims for unemployment insurance and recent COVID-19 case data.

During the time period covered by the Commission’s initial suspension of disconnections of utility service from March 16, 2020, through May 31, 2020, there were several Executive Orders issued by Governor Kelley that limited personal and business activity in the State in order to slow the spread of COVID-19. A non-comprehensive list of those Orders is as follows:

- No. 20-05, March 17, 2020, Temporarily Prohibiting Utility and Internet Connections;
- No. 20-07, March 17, 2020, Temporarily Closing K-12 Schools to Slow the Spread of COVID-19;
- No. 20-10, March 24, 2020, Temporarily Prohibiting Evictions and Foreclosures;
- No. 20-11, March 24, 2020, Temporarily Requiring Continuation of Waste Removal and Recycling Services;
- No. 20-14, March 24, 2020, Temporarily Prohibiting Mass Gatherings of 10 or More People to Limit the Spread of COVID-19;
- No. 20-16, March 28, 2020, Establishing a Statewide “Stay Home” Order in Conjunction with the Kansas Essential Function Framework for COVID-19 Response Efforts;
- No. 20-24, April 16, 2020, Extending Executive Order No. 20-16 to May 3, 2020;
- No. 20-28, April 30, 2020, Extending Several Executive Orders (including Nos. 20-05, 20-07, 20-10), through May 31, 2020;
- No. 20-29, April 30, 2020, Implementing Phase 1 of “Ad Astra: A Plan to Reopen Kansas.”
- No. 20-31, May 14, 2020, Implementing Phase 1.5 of “Ad Astra: A Plan to Reopen Kansas.”
- No. 20-34, May 19, 2020, Implementing Phase 2 of “Ad Astra: A Plan to Reopen Kansas.”

Executive Order No. 20-28 expired on May 31, 2020, as did the Commission’s prohibition on utility disconnections. The expiration of these prohibitions coincided with the resumption of many facets of business and personal activity in the State, albeit with new safety measures and health

protocols to manage the spread of COVID-19. As the economy began to open again, employment activity in State followed suit.

The unemployment rate in the State peaked in April 2020 at 11.9%, and has since experienced consecutive monthly improvement through October 2020. However, according to the Kansas Department of Labor and the United States Bureau of Labor Statistics (BLS), preliminary estimates show a seasonally adjusted unemployment rate of 5.6% for November 2020.<sup>20</sup>

The following table shows the change in the Kansas unemployment rate since the beginning of the pandemic:

Area	Time Period	Unemployment Rate
Kansas	March, 2020	2.8%
Kansas	April, 2020	11.9%
Kansas	May, 2020	10.0%
Kansas	June, 2020	7.5%
Kansas	July, 2020	7.2%
Kansas	August, 2020	6.9%
Kansas	September, 2020	5.9%
Kansas	October, 2020	5.0%
Kansas	November, 2020	5.6%

While the most recently reported unemployment rate of 5.6% is high relative to recent history, and a significant increase over the 3.1% rate in November of 2019, it is a significant improvement compared to the level of 10% observed at the end of May 2020, when most of the statewide restrictions on business activity in the State expired. It is also important to remember that there is significant variation in the unemployment rate throughout different areas of this State, with the Garden City Micro Area reporting a 3.6% unemployment rate while the Wichita Metropolitan Statistical Area reports an unemployment rate of 7.2%.<sup>21</sup>

Staff has also examined recent initial claims for unemployment insurance in the State. According to the Kansas Department of Labor, for the week ending December 5, 2020, there were 30,466 new claims for unemployment insurance.<sup>22</sup> Each of the two prior weeks also saw over 20,000 new claims for unemployment insurance. If these recent trends continue, it could point to further increases in the statewide unemployment rate when those numbers are released.

Lastly, Staff has evaluated the most recent COVID-19 data reported by the Kansas Department of Health and Environment (KDHE). KDHE maps a variety of COVID-19 data at the state and county level and provides COVID-19 summary updates every Monday, Wednesday, and Friday. According to KDHE, as of January 6, 2021, there were 236,818 cases of COVID-19 reported in

<sup>20</sup> See <https://www.bls.gov/regions/mountain-plains/kansas.htm#eag>.

<sup>21</sup> See <https://klic.dol.ks.gov/admin/gsipub/htmlarea/uploads/LR%20E%20Nov2020%20-%20Rates.pdf>.

<sup>22</sup> See [https://public.tableau.com/profile/kdol#!/vizhome/KansasUIClaimantsbyIndustry\\_15900909034550/Dashboard](https://public.tableau.com/profile/kdol#!/vizhome/KansasUIClaimantsbyIndustry_15900909034550/Dashboard).

Kansas with 7,113 hospitalizations and 3,027 statewide deaths.<sup>23</sup> This represented 5,501 new cases, 158 new hospitalizations, and 130 new deaths reported since January 4, 2021.

## **CONCLUSION**

As noted previously, Staff views the question of whether to reinstate a moratorium on utility disconnections, as a policy decision, not one that is easily determined based on an objective analysis of statistics or data. Ultimately, we believe this decision represents a balancing act between offering customers additional protections and relief during a time of increased public health and economic stress on the State, versus allowing utilities a tool to continue to make progress on collecting arrearages so that these balances do not grow to an insurmountable future burden for customers. This is not an easy question and we have not arrived at our answer easily. However, the analysis we have conducted leads us away from a recommendation to reinstate a moratorium on utility disconnections at this time. This recommendation is based on the following observations:

- As of January 6, 2021, according to data compiled by NARUC, there are currently 11 jurisdictions that have a blanket moratorium on disconnections in place at this time.<sup>24</sup> Out of the 36 jurisdictions in the United States that initially mandated a moratorium on utility disconnections, 25 (69%) have allowed the moratorium on disconnections to expire, similar to Kansas.
- Several utilities have voluntarily agreed to suspend disconnection of utility services at this time and utility customers in the State have an enhanced level of protection against disconnection through March 31, 2021, as a result of the Commission's Cold Weather Rule. There are also protections in place for customers for which the disconnection of utility service "would be especially dangerous to the health of the customer, resident member of the customer's family or other permanent resident of the premises".<sup>25</sup>
- Six of the seven utilities evaluated have been able to reduce the level of customer arrearages during the reporting period. In addition, five of the six utilities that were able to report on 2019 levels of delinquent accounts have fewer customers with delinquent accounts at this time than the same time period last year.
- The vast majority of customers on payment plans are able to keep up with the terms of their pay arrangements. While there have been customers disconnected as a result of an inability to keep up with payment plans, the vast majority are reconnected, and less than 1% of utility customers have been disconnected without reconnect. Both Evergy companies report a reduction in total residential customers disconnected for non-payment in the reporting period during 2020 compared to 2019, while KGS reports a 6.3% increase in the number of residential customers disconnected.<sup>26</sup>
- During the period that the Commission originally placed a moratorium on utility disconnections (March 16, 2020, to May 31, 2020), there was a significant degree of statewide restriction on personal and business activity in order to control the spread of

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<sup>23</sup> See <https://www.coronavirus.kdheks.gov/DocumentCenter/View/1529/January-6-case-summary?bidId=>

<sup>24</sup> See <https://www.naruc.org/compilation-of-covid-19-news-resources/map-of-disconnection-moratoria/>

<sup>25</sup> Billing Standards, Section IV.D, pp. 20-21. [https://kcc.ks.gov/images/PDFs/pi/billing\\_2012.pdf](https://kcc.ks.gov/images/PDFs/pi/billing_2012.pdf)

<sup>26</sup> There were 13,114 residential KGS customers disconnected for non-payment from June 2020 to November 2020, compared to 12,331 from the equivalent time period in 2019.

COVID-19. While there are restrictions in place at the County level in this State, there are not currently significant statewide restrictions on personal and business activity.

- There has been significant improvement in the economic and labor activity in the State since May 31, 2020, when the Commission's moratorium on utility disconnections was allowed to expire. The statewide unemployment rate currently sits at 5.6%, and while historically high, this represents a significant improvement compared to the peaks experienced in April and May 2020. Additionally, there are significant variances in this number based on the reporting area of the State, ranging from 3.6% in the Garden City Micro Area to 7.2% in the Wichita MSA.

**RECOMMENDATION:**

Staff does not recommend that the Commission reestablish a statewide moratorium on utility disconnections at this time. We will continue to monitor the reported monthly customer data and available information pertaining to business and labor market activity, statewide restrictions on personal and business activity, and updated data regarding the progression of COVID-19. We will stand ready to supplement or revise this recommendation in the event that the data indicates it is prudent to do so.

COVID-19 AAO Reports --Customer Data (20-EKME-454-ACT)

Energy Kansas Central

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Residential Customers			628,394	631,744	635,790	629,518	628,255	630,269
# of Commercial Customers			87,293	87,483	87,612	87,580	87,604	87,841
# of Involuntary Disconnects (Res)			4,580	4,580	7,163	6,215	7,652	1,707
# of Involuntary Disconnects (Com)			86	86	217	140	93	71
# of Reconnections (Res)			3,379	3,379	5,292	5,232	6,452	1,555
# of Reconnections (Com)			62	62	89	114	187	65
# of Voluntary Disconnects (Res)			2,120	2,442	3,059	7,308	7,254	6,157
# of Voluntary Disconnects (Com)			54	76	95	248	186	210
Total Arrearages (Excl. Pay Arrangements)	\$ 21,591,288	\$ 23,384,706	\$ 23,833,815	\$ 14,289,740	\$ 12,475,601	\$ 14,386,381	\$ 10,374,026	\$ 14,880,841
# Cust. With Late Accts. (Excl. Pay Arrangements)	75,144	76,429	79,362	61,558	66,825	67,030	53,504	71,716
# of Res. Customers on COVID Payment Plans			2,687	16,281	17,322	15,948	17,721	13,001
Avg. Res. Monthly Payment Amount		\$	\$ 65.99	\$ 71.84	\$ 63.85	\$ 58.24	\$ 51.56	\$ 60.49
# of Customers Unable to Keep Payment Plans			49	49	313	2,194	2,715	568
% of Customers Unable to Keep Payment Plans			0.30%	0.30%	1.81%	13.76%	15.32%	4.37%
Net Change in Res. Cust.			3,350	3,350	4,046	(6,272)	(1,263)	2,014
Net Change in Com. Cust.			190	190	129	(32)	24	237
Net Res. Cust. Disconnections			1,201	1,201	1,871	983	1,200	152
Running Total % of Res. Cust. Disconnected			0.19%	0.19%	0.48%	0.64%	0.84%	0.86%

COVID-19 AAO Reports --Customer Data (20-EKME-454-ACT)

Energy Kansas Metro

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Residential Customers			234,729	235,107	235,485	235,603	235,358	235,572
# of Commercial Customers			30,143	30,223	30,192	30,232	30,280	30,223
# of Involuntary Disconnects (Res)			350		1,169	807	1,039	-
# of Involuntary Disconnects (Com)			16		64	33	43	27
# of Reconnections (Res)			232		1,057	683	935	7
# of Reconnections (Com)			6		28	20	21	11
# of Voluntary Disconnects (Res)			7,228		6,517	6,524	6,348	1,634
# of Voluntary Disconnects (Com)			3		300	319	289	63
Total Arrearages (Excl. Pay Arrangements)	\$ 6,528,890	\$ 10,254,925	\$ 7,494,546	\$ 7,429,335	\$ 5,235,158	\$ 5,940,656	\$ 4,747,548	\$ 5,189,824
# Cust. With Late Accts. (Excl. Pay Arrangements)	20,957	19,896	18,551	16,318	17,367	17,522	15,843	17,775
# of Res. Customers on COVID Payment Plans			596	2,360	2,612	2,114	2,339	1,352
Avg. Monthly Payment Amount			\$ 62.03	\$ 79.53	\$ 78.21	\$ 68.30	\$ 74.87	\$ 66.25
# of Customers Unable to Keep Payment Plans			5	5	23	105	388	1
% of Customers Unable to Keep Payment Plans			0.21%	0.21%	0.88%	4.97%	16.59%	0.07%
Net Change in Res. Cust.			378	378	378	118	(245)	214
Net Change in Com. Cust.			80	80	(31)	40	48	(57)
Net Res. Cust. Disconnections			118	118	112	124	104	(7)
Running Total % of Res. Cust. Disconnected			0.05%	0.10%	0.15%	0.19%	0.19%	0.19%



COVID-19 AAO Reports --Customer Data (21-KGSG-042-CPL)

Kansas Gas Service

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Residential Customers	590,017	588,287	583,084	583,953	584,151	589,780
# of Commercial Customers	36,943	36,785	36,360	36,380	36,331	36,702
# of Involuntary Disconnects (Res)	4,083	6,234	1,465	696	633	3
# of Involuntary Disconnects (Com)	146	166	41	17	8	2
# of Reconnections (Res)	1,131	3,363	1,228	1,084	1,772	672
# of Reconnections (Com)	19	22	18	21	173	49
# of Voluntary Disconnects (Res)	7,259	7,197	5,797	5,536	4,831	4,452
# of Voluntary Disconnects (Com)	197	225	134	177	138	142
Total Arrearages	\$ 12,949,622	\$ 9,482,108	\$ 8,914,207	\$ 8,337,884	\$ 7,664,130	\$ 8,899,108
# Cust. With Late Accts.	46,347	43,477	46,257	43,936	45,684	46,442
# of Res. Customers on COVID Payment Plans	17,304	20,523	28,275	28,275	37,070	37,070
Avg. Monthly Payment Amount	\$ 44.00	\$ 43.00	\$ 42.00	\$ 41.53	\$ 41.67	\$ 41.67
# of Customers Unable to Keep Payment Plans	26	100	711	878	3,426	4,930
% of Customers Unable to Keep Payment Plans	0.50%	0.49%	2.51%	3.11%	9.24%	13.30%
Net Change in Res. Cust.	(1,730)	(1,730)	(5,203)	869	198	5,629
Net Change in Com. Cust.	(158)	(158)	(425)	20	(49)	371
Net Res. Cust. Disconnections	2,952	2,871	237	(388)	(1,139)	(669)
Running Total % of Res. Cust. Disconnected	0.50%	0.99%	1.04%	0.97%	0.78%	0.66%

COVID-19 AAO Reports --Customer Data (21-BHCG-026-CPL)

Black Hills Energy

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Residential Customers	102,952	102,801	102,977	103,107	104,135	103,101	102,779	103,310
# of Commercial Customers	11,480	11,440	11,408	11,372	11,331	11,241	11,180	11,253
# of Involuntary Disconnects (Res)	-	-	-	-	82	745	147	12
# of Involuntary Disconnects (Com)	-	-	-	-	26	54	6	8
# of Reconnections (Res)	-	-	-	-	11	267	93	5
# of Reconnections (Com)	1	-	-	-	2	15	3	3
# of Voluntary Disconnects (Res)	1,638	1,729	2,179	3,502	2,685	1,748	1,671	1,599
# of Voluntary Disconnects (Com)	157	174	169	198	176	153	138	104
Total Arrearages	\$ 1,834,850	\$ 1,727,315	\$ 1,678,582	\$ 1,670,753	\$ 1,450,977	\$ 1,233,086		
# Cust. With Late Accts.	21,515	21,824	22,436	24,463	20,907	20,426		
# of Res. Customers on COVID Payment Plans	179	187	191	235	450	594	381	420
Avg. Monthly Payment Amount	\$ 34.51	\$ 31.66	\$ 32.47	\$ 29.99	\$ 31.06	\$ 32.78	\$ 31.29	\$ 34.38
# of Customers Unable to Keep Payment Plans	-	-	-	-	-	-	-	-
Net Change in Res. Cust.	(151)	176	(32)	130	1,028	(1,034)	(322)	531
Net Change in Com. Cust.	(40)	(40)	(32)	(36)	(41)	(90)	(61)	73
Net Res. Cust. Disconnections	-	-	-	-	71	478	54	7
Running Total % of Res. Cust. Disconnected	0.00%	0.00%	0.00%	0.00%	0.07%	0.53%	0.59%	0.59%



COVID-19 AAO Reports --Customer Data (21-EPDE-072-CPL)

The Empire District Electric Company

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Residential Customers	8,164	8,200	8,203	8,191	8,187	8,182	8,177	8,178
# of Commercial Customers	1,436	1,432	1,435	1,283	1,434	1,434	1,420	1,439
# of Involuntary Disconnects (Res)	-	-	-	-	54	50	29	18
# of Involuntary Disconnects (Com)	-	-	-	-	1	-	-	-
# of Reconnections (Res)	-	-	-	-	21	24	18	-
# of Reconnections (Com)	-	-	-	-	-	-	-	-
# of Voluntary Disconnects (Res)	133	128	134	135	156	157	140	96
# of Voluntary Disconnects (Com)	13	7	5	22	8	9	10	7
Total Arrearages	\$ 928,746	\$ 876,371	\$ 861,888	\$ 889,991	\$ 798,893	\$ 1,003,784	\$ 979,920	\$ 908,013
# Cust. With Late Accts.	2,969	2,872	2,788	2,742	2,406	3,087	3,096	4,069
# of Res. Customers on COVID Payment Plans				42	72	21	11	24
Avg. Monthly Payment Amount			\$	\$ 163.72	\$ 181.91	\$ 196.05	\$ 165.45	\$ 136.17
# of Customers Unable to Keep Payment Plans				-	-	-	-	-
Net Change in Res. Cust.	36	3	3	(12)	(4)	(5)	(5)	1
Net Change in Com. Cust.	(4)	3	3	(152)	151	-	(14)	19
Net Res. Cust. Disconnections	-	-	-	-	33	26	11	18
Running Total % of Res. Cust. Disconnected	0.00%	0.00%	0.00%	0.00%	0.40%	0.72%	0.86%	1.08%

COVID-19 Reports --Customer Data

Southern Pioneer Electric Company

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
Total Arrearages	\$ 144,227	\$ 151,629	\$ 109,463	\$ 74,831	\$ 106,545	\$ 132,596	\$ 149,649	\$ 184,759
# Cust. With Late Accts.	1,182	1,116	933	933	728	932	1,127	1,436

**COVID-19 AAO Reports -- Customer Data**

<b>Evergy Kansas Central (20-EKME-454-ACT)</b>						
	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
# of Involuntary Disconnects (Res)	4,710	5,066	6,251	7,286	7,009	709
# of Involuntary Disconnects (Com)	104	114	149	129	179	100
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Involuntary Disconnects (Res)	-	4,580	7,163	6,215	7,652	1,707
# of Involuntary Disconnects (Com)	-	86	217	140	93	71
<b>Evergy Kansas Metro (20-EKME-454-ACT)</b>						
	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
# of Involuntary Disconnects (Res)	847	752	655	788	996	-
# of Involuntary Disconnects (Com)	35	43	31	45	42	42
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Involuntary Disconnects (Res)	-	350	1,169	807	1,039	-
# of Involuntary Disconnects (Com)	-	16	64	33	43	27
<b>Kansas Gas Service (21-KGSG-042-CPL)</b>						
	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
# of Involuntary Disconnects (Res)	3,251	3,386	2,847	2,094	727	26
# of Involuntary Disconnects (Com)	8	16	20	16	18	13
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
# of Involuntary Disconnects (Res)	4,083	6,234	1,465	696	633	3
# of Involuntary Disconnects (Com)	146	166	41	17	8	2