

**KEPCO-Kansas Electric Power Coop. Inc.**  
Transmission Formula Rate-2017 ATRR  
Westar  
09/15/2016

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**Data Request: KEPCo-2.36::Re KEPCo-2.29, WEN Acct 923 vs Acct 903**

2.36 In reference to Westar's response to KEPCo-2.29, WEN Acct. 923, "new customer information system" for \$317,000; Westar states it has expensed these costs instead of capitalizing them, based on the criteria prescribed by Accounting Standards Codification (ASC) 350-40. Westar further states the following:

"Preliminary project costs included assessing what the current system does and identifying challenges of the system and processes. Also included are charges related to enterprise design workshops which involved a deeper dive into current-state processes in order to make key enterprise-wide business and technical decisions for the future system."

The description of the charges incurred for the "new customer information system" appear to be in line with the description of FERC Acct 903 which states:

"This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting." [bold added]

Please provide a detailed explanation for these costs to be included in Acc. 923 instead of Acct. 903 Customer Records and Collection Expenses.

**Response:**

The description of FERC Acct. 903 begins with the paragraph as quoted above, but goes on to list 32 items, which are examples of the types of items included in Acct. 903. Within these 32 items, there isn't any mention of costs related to software applications.

Furthermore, item #1 in the description of FERC Acct. 903 includes "receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer...", which would include applications from customers for electric service. The remaining 31 items discuss many functions that would be "performed by" a customer information system, rather than the "development of" a customer information system.

Based on the full description of FERC Acct. 903, we interpret the term "customer applications" to mean customer applications for electric service. It should also be noted that the new customer information system will be used by all customers, including those subject to the Transmission Formula Rate.

Consistent with the description for FERC Acct. 923, Outside Services Employed, the charges in question are appropriately recorded, as they are for fees and expenses of professional consultants which are not applicable to a particular operating function or to other accounts.

**Prepared by or Under Supervision of:** Bouzianis, Jeanette M.

**Verification of Response**

I have read the foregoing Data Request and Answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed by: \_\_\_\_\_

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Dated: \_\_\_\_\_

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**Data Request: KEPCo-2.37::Re KEPCo-2.30, WES Acct 923 vs Acct 903**

2.37 In reference to Westar's response to KEPCo-2.30, WES Acct. 923, "new customer information system" for \$284,000; Westar references the response to KEPCo-2.29 which states it has expensed these costs instead of capitalizing them, based on the criteria prescribed by Accounting Standards Codification (ASC) 350-40. Westar further states the following:

"Preliminary project costs included assessing what the current system does and identifying challenges of the system and processes. Also included are charges related to enterprise design workshops which involved a deeper dive into current-state processes in order to make key enterprise-wide business and technical decisions for the future system."

The description of the charges incurred for the "new customer information system" appear to be in line with the description of FERC Acct 903 which states:

"This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting." [bold added]

Please provide a detailed explanation for these costs to be included in Acc. 923 instead of Acct. 903 Customer Records and Collection Expenses.

**Response:**

Please see response to KEPCo-2.36.

**Prepared by or Under Supervision of:** Bouzianis, Jeanette M.

**Verification of Response**

I have read the foregoing Data Request and Answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed by: \_\_\_\_\_

Dated: \_\_\_\_\_