

HOUSE BILL No. 2307

By Committee on Utilities

2-5

AN ACT concerning public utilities; relating to mergers; concerning standards for approval by the state corporation commission.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The state corporation commission shall not approve any merger involving a public utility unless the commission determines that the merger will promote the public interest. In determining whether this standard is met, the commission shall weigh and consider the following factors:

(a) The effect of the merger on consumers, including, but not limited to:

(1) The effect of the proposed merger on the financial condition of the newly created entity as compared to the financial condition of the stand-alone entities if the merger did not occur;

(2) the reasonableness of the purchase price, including whether the purchase price was reasonable in light of the savings that can be demonstrated from the merger and whether the purchase price is within a reasonable range;

(3) whether ratepayer benefits resulting from the merger can be quantified;

(4) whether there are operational synergies that justify payment of a premium in excess of book value; and

(5) the effect of the proposed merger on the existing competition;

(b) the effect of the merger on the environment;

(c) whether the proposed merger will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state, including, but not limited to, whether the proposed merger will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate that harm;

(d) whether the proposed merger will preserve the jurisdiction of the commission and the capacity of the commission to effectively regulate and audit public utility operations in the state;

(e) the effect of the merger on affected public utility shareholders;

(f) whether the merger maximizes the use of Kansas energy

1 resources;

2 (g) whether the merger will reduce the possibility of economic waste;

3 (h) what impact, if any, the merger has on the public safety; and

4 (i) any other factors that the commission determines to be relevant
5 to circumstances existing at the time of the merger proposal.

6 Sec. 2. This act shall take effect and be in force from and after its
7 publication in the statute book.

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