

HOUSE BILL No. 2370

By Committee on Utilities

2-13

AN ACT concerning certain electric public utilities; relating to recovery of certain costs of compliance with environmental regulations.

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

Section 1. (a) As used in this section:

(1) "Commission" means the state corporation commission.

(2) "Electric public utility" or "utility" means any electric public utility, as defined in K.S.A. 66-101a, and amendments thereto, which is under the jurisdiction of the commission.

(3) "Environmental compliance costs" includes all costs or expenses incurred by an electric utility in complying with environmental laws or regulations, including but not limited to: (A) In-service capital investments, including the utility's last authorized rate of return on equity thereon; (B) operation and maintenance expenses; (C) fuel procurement costs; (D) purchased power costs; (E) emission allowance costs; and (F) direct taxes on environmental equipment.

(4) "Environmental laws or regulations" includes all federal, state and local statutes, administrative regulations, orders, ordinances, resolutions or other requirements that apply to electric public utilities and are designed to protect the environment.

(b) An electric public utility may submit to the commission a petition describing the utility's proposed environmental compliance activities and projected environmental compliance costs. If approved, the commission shall allow recovery of the utility's prudently incurred environmental compliance costs through an environmental compliance cost-recovery factor that is separate and apart from the utility's base rates. An adjustment for the level of environmental compliance costs currently being recovered through base rates or other rate-adjustment clauses must be included in the filing.

(c) The environmental compliance cost-recovery factor shall be set periodically, but at least annually, based on projections of the utility's environmental compliance costs during the forthcoming recovery period, and must be adjusted for variations in line losses. The environmental compliance cost-recovery factor must provide for periodic true-up of the utility's actual environmental compliance costs with the projections on

1 which past factors have been set, and must further require that any refund
2 or collection made as part of the true-up process include interest.

3 (d) Recovery of environmental compliance costs under this section
4 does not preclude inclusion of such costs in base rates in subsequent rate
5 proceedings, if the inclusion is necessary and appropriate; however, any
6 costs recovered in base rates may not also be recovered in the environ-
7 mental cost-recovery factor.

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

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