

HOUSE BILL No. 2374

AN ACT concerning public utilities;
relating to procedures to recover certain security costs.

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

Section 1. This act may be cited as the Kansas energy security act.

Sec. 2. The legislature finds that:

(a) Actual and threatened acts of terrorism directed at the American people make it clear that government must take enhanced measures to protect its citizens and provide for greater security of services essential to the public welfare.

(b) The threat of terrorism extends to utilities that provide basic services upon which individual citizens, schools, hospitals, nursing homes, day care centers, businesses and industry rely.

(c) Under these extraordinary circumstances, practices and procedures that would otherwise apply in regulatory proceedings shall not hamper the government in performing its most basic purposes: Providing for the security of its citizens and protecting the public welfare.

Sec. 3. (a) In adopting procedures applicable in proceedings pursuant to K.S.A. 66-1233, and amendments thereto, the state corporation commission shall provide for:

(1) Confidentiality of information so that the amount of recovery requested, the amount of recovery allowed, the method of cost recovery requested and the method of cost recovery allowed is not disclosed;

(2) protective orders for all filings so that the citizens' utility ratepayer board may receive and review documents if the board intervenes;

(3) procedures to reflect rules of the United States nuclear regulatory commission or other regulatory bodies that govern the release of information and documentation which an applicant is required to submit to support the application or supply to the commission, commission staff or intervenors;

(4) the security cost recovery charge to be unidentifiable on customers' bills;

(5) the security cost recovery charge shall be allocated and added to all wholesale and retail rates and future contracts. Any contract existing on the effective date of this act, which does not specifically prohibit the addition of such charges, shall have such charges added;

(6) review of security-related filings in an expedited manner with reference only to security-related items to assure that the proposed items provide enhanced security;

(7) denial of any expenditure that the commission determines is not prudent or is not for security measures and approval of all other expenditures; and

(8) recovery of capital expenditures over a period equal to not more than $\frac{1}{2}$ the usable lifetime of the capital investment.

(b) A determination by the commission of the prudence of an expenditure for security measures shall not be based on standard regulatory principles and methods of recovery and shall take fully into account the findings and intent of the legislature as stated in section 2, and amendments thereto.

(c) The provisions of this act and K.S.A. 66-1233, and amendments thereto, shall apply recovery of prudent expenditures for enhanced security incurred after September 11, 2001.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.