Approved:2/18/04_
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Stan Clark at 9:30 a.m. on February 3, 2004 in Room 526-S of the Capitol.

All members were present except:
Senator Jim Barone- excused

Committee staff present:
Bruce Kinzie, Revisor of Statutes
Raney Gilliland, Legislative Research
Emalene Correll, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:
James Bartling, Atmos Energy
Scott Heidtbring, Aquila, Inc.
Steve Johnson, Kansas Gas Service
Tim Rush, Kansas City Power & Light
David Springe, CURB
Don Low, KCC

Others attending: See Attached List.

Introduction of Bills

Alan Cobb representing the Tallgrass Ranchers, a group of over 200 ranchers and landowners in the Flint Hills, explained their proposed bill which would create a mechanism process for licensing industrial wind turbines in the Flint Hills.

Moved by Senator Lyon, seconded by Senator Tyson, introduction of a bill as proposed by the Tallgrass Ranchers. Motion carried.

Approval of Minutes

Moved by Senator Tyson, seconded by Senator Taddington, the minutes for meetings of the Senate Utilities Committee held on January 26, 27, 28 and 29, 2004 be approved. Motion carried.

Chair opened the hearing on:

SB 360 - Public utilities, costs of new facilities

Proponents:

James Bartling, Atmos Energy introduced the Director of Public Affairs Tom Stevens from Texas and noted Mr. Stevens is familiar with the Texas House Bill 1942 after which this bill was modeled. Currently, the method in which a utility recovers the cost of capital investments is through a formal rate increase filing before the KCC which could take up to 280 days and involves a lot of expenditures, determining equity and debt and plainly takes lots of money. He proceeded to explain the benefits that would be gained by the passage of this bill. (Attachment 1)

Scott Heidtbring, vice president of Kansas/Colorado Gas Operations, Aquila, presented the views of his company and their reasons for support of this bill. (Attachment 2)

Steve Johnson, Kansas Gas Service, noted this bill fosters good business practices, reduces the need for frequent rate cases, allows for extensive review by regulators, minimizes the amount of time and expense needed for auditing a utility during a rate case and levelizes the rate impact for customers. (Attachment 3)

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

MINUTES OF THE SENATE UTILITIES COMMITTEE at 9:30 a.m. on February 3, 2004 in Room 526-S of the Capitol.

Tim M. Rush, director, regulator affairs, Kansas City Power & Light Company, noted the surcharge will allow for the recovery of the return on investment, depreciation expenses, and related taxes; reduces the regulatory lag and requested removal of the restriction based on the number of customers. (Attachment 4)

Opponents:

David Springe, consumer counsel for Citizens' Utility Taxpayer Board, presented five points in opposition to **SB 360.** He offered three recommendations for changes in the bill language. (Attachment 5)

Don Low, Director of Utilities, Kansas Corporation Commission, offered numerous reasons why KCC is opposed to this bill. He pointed out several areas where the bill should be improved or clarified but emphasized that KCC would be opposed to **SB 360** even if the improvements were made. (Attachment 6)

Committee members asked whether this proposal would shorten lag time, about investment cost recovery, if a copy of the Texas bill was available and what authority the KCC has in this area since additional legislation has been passed.

Chair closed hearing on **S.B. 360.**

The next meeting of the Senate Utilities Committee will be on February 4, 2004.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 6

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: **February 3, 2004**

Name	Representing
David Springe	Curb
Jim Bartling	Atmos Energy
Steve Johnson	Kansas Gas Service
Tom Stephens	Atmos Energy
Mark Schreiber	Westar Energy
Bob Alderson	Atmos Energy
Whitney Damron	KS Gas Service
Don Low	KCC
Tom Day	KCC
Tim Rush	KCP&L
Sandy Braden	KCP&L
Alan Cobb	Tallgrass Ranchers
Amy Campbell	Midwest Energy
Kd Mealy	Hein Law Firm
John Pinegar	SITA

TESTIMONY OF
JAMES W. BARTLING, MANAGER PUBLIC AFFAIRS
ATMOS ENERGY
BEFORE THE
SENATE COMMITTEE ON UTILITIES
FEBRUARY 5, 2004

Chairman Clark and Members of the Senate Committee on Utilities:

I appreciate the opportunity to speak before the Senate Committee on Utilities in support of Senate Bill 360.

My name is Jim Bartling and I am Manager of Public Affairs for the Kansas portion of the Colorado-Kansas division of Atmos Energy Corporation. Atmos Energy serves approximately 1.7 million customers in 12 states, including about 117,000 customers in 106 communities located within 40 counties in Kansas.

Senate Bill 360 has been modeled after Texas House Bill 1942, which is commonly referred to as the Texas Gas Reliability Infrastructure Program or Texas GRIP. It was passed in Texas in 2003 after it was determined that a bill of this nature would go a long way toward maintaining the economic growth of the state while enhancing the safety and reliability of the natural gas infrastructure there. It will do the same thing for Kansas.

First, let me make it absolutely clear, the bill before you today does not take away any of the responsibilities of the Kansas Corporation Commission (KCC), nor does it diminish any of its oversight of the operations of the utilities that it regulates. In fact, it would give the KCC a more current picture of the utilities' activities and the capital additions that are taking place. Further, it would provide for a more efficient regulatory procedure. The purpose of this bill is not to usurp any powers of the Commission.

Senate Bill 360 would allow utilities to recover, through a surcharge, the value of the net invested capital in a calendar year that exceeds the value of the net invested capital in the previous calendar year. There are those who would object to this recovery method by playing the often used trump card called "single issue rate making" (the

Senate Utilities Committee
February 3, 2004
Attachment 1-1

recovery of specific costs without the consideration for offsetting increases in revenue or decreases in other costs). However, because of the true-up provisions in this bill, the utility will not be allowed to over-earn on any of its investments. The bill speeds up recovery by the utility of new investments, but it does not allow it to earn any more than it would eventually earn under traditional regulation.

In what seems like a prior life, I started in the utility business as an accountant, at a time that we affectionately refer to as "BC," or "before computers." It wasn't unusual to have multiple 21-column work sheets taped together to analyze something or track expenses or capital. At that time we would buy adding machine paper by the case load. Today you would be hard pressed to find columnar work pads or even 10-key adding machines simply because the computer has changed the way that we organize and report information. I say this because perhaps it is time to allow utilities to recover capital additions more quickly and more efficiently than under past methods that remind us of our columnar pads and 10-key machines.

As it stands today, a utility seeking to recover the cost of its increased capital additions must file a rate case and incur thousands of dollars in additional expenses associated with the rate case filing. Senate Bill 360 would not take away any of the KCC's responsibilities for reviewing or approving a utility's request to recover the costs of the new investments. On the contrary, it would give the KCC an annual review of a utility's new investments, and would require each utility availing itself of this recovery mechanism to file a rate case at least every five years, at which time there would be a complete reconciliation of the surcharge recovery filings. What it would do is eliminate the unnecessary costs that are associated with a rate case, and would allow a utility to recover its increased invested capital in a timelier manner. The "true up" features in the bill would allow the Commission to insure that customers do not pay more than they should, thus eliminating one of the concerns about so-called "single issue rate-making." SB 360 also would eliminate the "rate shock" to customers that occurs when a utility only files a rate case every five to seven years, by spreading the cost over more years.

Multi-state utilities such as Atmos Energy, like any other multi-state business, must manage their business to ensure that their shareholders are adequately compensated for their investment. With a finite capital budget, decisions involving the recovery of

capital investments receive strong management scrutiny. Bills such as Senate Bill 360 would effectively encourage multi-state utilities to expend their capital dollars in Kansas.

We all know that there are other so-called "single issue" recovery methods that are currently in place such as the purchased gas adjustment (PGA) and surcharge recovery of increases in ad valorem taxes, and everyone should agree that a PGA is an efficient and effective method to recover gas costs. Senate Bill 360 could do the same thing for new capital investments and economic growth, while at the same time protecting customers against unreasonable rates as well as promoting system safety and reliability.

I want to thank this Committee for their time and encourage them to strongly consider passage of this bill. I will stand for questions at the appropriate time.

Senate Utilities Committee

Testimony in Support of SB 360
by
Scott Heidtbrink
Vice-President of Gas Operations
Aquila, Inc.

Mr. Chairman and members of the Committee:

My name is Scott Heidtbrink and I am the Vice-President of Operations for the Kansas and Colorado Gas division of Aquila, Inc. Prior to my present position, I served as state President of Aquila's Kansas electric operations, headquartered in Great Bend, and known at that time as WestPlains Energy. Aquila's Kansas gas operations, formerly Peoples Natural Gas and Kansas Public Service, provide reliable and economic natural gas service to over 100,000 retail gas customers in Lawrence, Wichita and southwest Kansas. Aquila's Kansas electric operations provide service to 68,500 retail and 23 wholesale customers in central and western Kansas. Within Kansas, Aquila owns and operates 563 megawatts of electric generation through four power stations, is a 16% participant (356 megawatts) in the Jeffrey Energy Center, and purchases the entire 110-megawatt output of the Gray County Wind Farm. In addition to generation, Aquila owns and operates over 1,083 miles of 115,000 and 230,000-volt transmission line.

On behalf of Aquila, I support the passage of Senate Bill 360.

Aquila appreciates the efforts of the Kansas legislature to previously enact legislation facilitating the construction of needed transmission infrastructure in Kansas. Passage of acts such as HB-2018, which provides for low-cost financing for transmission facilities, and SB-104, which provides for the regulatory pre-approval of transmission projects, make the construction of needed transmission facilities more financially attractive.

While the previously enacted legislation makes the construction of transmission facilities more feasible, it still doesn't address the time lag required for the utility to recover its investment. In order to recover it's investment under current regulatory procedures, a utility must prepare and

file a case with the KCC to increase rates. This is an expensive and time-consuming procedure that can easily cost $500,000 in Aquila's case and normally takes 240 days from the time the case is filed to when new rates can be put into effect.

But the 240 days is not representative of the actual time elapsed from when a transmission project is completed and when cost recovery in rates begins. Again under current regulatory procedures, a transmission project must be completed and placed in-service in or prior to the annual test period used in the rate case. The test period typically ends several months before the actual case can be filed. As a result, there can easily be a year or more of elapsed time before a utility can begin recouping its investment.

Under the proposed legislation, a utility would be authorized to annually adjust its rates based on the actual change in its transmission and distribution investment. The factors used to adjust the rates, including rate of return, would be the same as those approved in its most current rate case. If investment were higher in the current year than the previous, the utility would adjust its rates up.

Aquila views this proposed process as fair and equitable to the ratepayer and the utility. The ratepayer benefits from the reduced costs of fewer rate hearings, the cost of which is passed on to the ratepayer in its rates. The utility benefits by being able to timely recover its investment in transmission and distribution facilities without the need for an expensive and lengthy rate case.

Thank you Mr. Chairman for the opportunity to appear before you today in support of Senate Bill 360. I would be pleased to address any questions you may have.

Before the Senate Utilities Committee
Testimony of Steve Johnson
Manager, Governmental Affairs
Kansas Gas Service
SB 360
February 3, 2004

Chairman Clark and Members of the Committee,

Thank you for the opportunity to address your committee this morning as a proponent of SB 360, a bill which allows the timely recovery of capital investments using a process that is fair and efficient for the utility, its regulators and its customers, while still allowing the State Corporation Commission the ability to exert its full authority in setting rates for the consumer.

You have already heard testimony from Atmos and Aquila, who, as regulated utilities, have outlined the advantages of using this mechanism. This bill provides voluntary participation and continued oversight by the Kansas Corporation Commission and the Citizens Utility Ratepayers Board.

Kansas Gas Service is in agreement with these points and would like to reiterate their importance. We think this bill fosters good business practices, reduces the need for frequent rate cases, allows for extensive review by our regulators, minimizes the amount of time and expense needed for auditing a utility during a rate case and levelizes the rate impact for our customers. The expenditures included for recovery would only be those that are necessary to serve our customers safely and efficiently while expanding our system to meet the needs of our growing customer base.

The primary benefit of the legislation is to insure that public utilities will be making timely additions and replacements to their infrastructure, and for KGS, our natural gas distribution systems. A gas utility's rate base continually grows because of its investment in infrastructure and safety-related equipment. As far as the other costs that we would incur, which are not covered by this bill, it is likely that these costs, such as salaries and benefits would also increase. Although there may be a small increase in load, it is not the primary reason we add piping to our existing system. This is especially true in light of the fact that more efficient appliances are continually replacing the gas appliance stock our customers use. This bill provides regulatory measures that protect against a utility over earning. Finally, Kansas would join other states in adopting this practice. Texas recently approved similar legislation; Missouri passed legislation applying to gas and water services; and, Alabama has also used this mechanism to control ongoing utility investment and expenses, this reducing rate shock.

Thank you for the opportunity to address you today and I will be available for questions.

Testimony Presented by:

Mr. Steve Johnson
Manager, Governmental Affairs
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Testimony before the Senate Committee on Utilities
In General Support to Senate Bill No. 360

Tim M. Rush
Director, Regulatory Affairs
Kansas City Power & Light Company
February 3, 2004

Thank you Chairman Clark and members of the Committee for this opportunity to appear before you today and offer testimony on SB 360. My name is Tim Rush. I am employed by Kansas City Power & Light Company as Director of Regulatory Affairs.

Kansas City Power & Light ("KCPL") is generally in support of this bill. The only issue or question that KCPL would address is the restriction on the number of customers that qualify a utility to participate on the benefits under this bill.

The proposed bill, as crafted adds a subsection (g) which allows certain gas and electric utilities to recover through a surcharge on new investment placed in service by the utility. The surcharge will allow for the recovery of the return on investment, depreciation expense, revenue related taxes and state and federal income taxes related to changes in the value of invested capital.

Subsection (g) contains language which restricts its applicability to gas utilities and electric utilities with no more that 200,000 electric customers. This appears to exclude Kansas City Power & Light Company and Westar from the subsection (g) provisions. KCPL serves electricity in Kansas and Missouri to approximately 490,000 customers. Our Kansas operations serve approximately 223,000 customers and Missouri operations serve 267,000.

The language of the bill should reduce the regulatory lag (i.e., the time between when a utility incurs a capital expenditure and when it is allowed to recover that expenditure in rates) and it should reduce the number of rate cases for the affected utilities. These effects should be viewed favorably by the investment community and, over the long term, should result in a reduction in the utilities' cost of capital.

KCPL questions its exclusion from the provisions of the bill which should work to the benefit of its stockholders and customers. KCPL requests that the restriction based on the number of customers be removed.

Thank you for your time and I would be glad to answer any questions from the Committee.

SENATE UTILITIES COMMITTEE
S.B.360

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 3, 2004

Chairman Clark and members of the committee:

Thank you for this opportunity to appear before you today an offer testimony on S.B 360. The Citizens' Utility Ratepayer Board opposes this bill for the following reasons:

First, this bill is unnecessary. There is nothing that prohibits a utility from proposing this type of mechanism under the current statutory scheme. While CURB would likely oppose this type of mechanism regardless, there is no need to statutorily codify this type of recovery mechanism. Codifying a capital recovery mechanism removes the Commission's authority and flexibility to design a fair and balanced approach to capitol recovery, if it chooses to implement such a mechanism.

Second, providing this type of adjustment certainly favors the utility by decreasing utility risk for recovery of capital expenditures. However, what do consumers get out of this type of adjustment, other than higher rates? For example, a natural gas utility already passes all gas costs through to consumers. The majority of other costs for a gas utility are in distribution plant. This bill has the effect of eliminating virtually all risk of cost recovery for a majority of gas utility costs. At minimum, if this type of utility centric adjustment in implemented, consumers should be guaranteed a reduction in the return on equity granted in a utility rate case. This reduction in return on equity is an appropriate adjustment reflecting the reduction in utility risk, and provides a more balanced approach to this type of adjustment mechanism from a consumers prospective.

Third, allowing a utility to implement single-issue adjustments between rate cases is one

sided without allowing a review of all changes that may affect rates. While requiring an "earnings report" looks good on its face, the reality is that a utility's view of its level of earnings may differ greatly from CURB's view of the utility's earnings given all of the factors that may affect rates. This is the fundamental basis of the rate case process. By requiring the annual earnings report, in fact a mini rate case must take place each year to evaluate the whether the utility is in fact earning excess returns. CURB will actively participate each year, as required by this bill, in a thorough review of utility earnings. However, this type of process on an annual basis is not efficient or good policy.

Fourth, for electric utilities, section (g)(7) of the bill states the investments subject to recovery under this subsection "shall be limited" to transmission and distribution. This language ignores the potential conflict with federal transmission recovery schemes, and based on the definition of "value of invested capital" in (g)(2) may result in transmission charges that would not otherwise be allowed to be recovered from Kansas jurisdictional customers being placed in the surcharge. Also, House Bill 2130, passed last year already allows the creation of a transmission surcharge to pass through to ratepayers any FERC ordered transmission charge changes. Restricting the surcharge to only transmission and distribution, while not including generation also eliminates large depreciation reductions in generation accounts that would otherwise accrue to ratepayers between ratecases by this type of adjustment mechanism.

Fifth, and perhaps most importantly, this bill will minimize, or even eliminate the incentive to reach settlement among the parties in a rate case at the Commission. Section (g)(3) requires that the "return on investment, depreciation and incremental state and federal income tax factors used in the computation *must* be the same as the factors reflected in the utilities latest effective rates approved by the Commission". However, many cases are settled at the

Commission in a manner referred to as a "black box settlement", where a total dollar figure is agreed upon, but the specific adjustments used by each party to arrive at the figure are not known. In a black box settlement there is no reference return on investment, or tax factors that form the basis of the adjustment in this bill. This bill will force parties to fully litigate every case at the Commission, because the rate case results will have important implications between rate cases. There will be no incentive to settle cases, which is certainly not beneficial to the process.

I would also add that many settlements at the Commission also have provisions for a rate moratorium, or a period of time that the utility cannot file for another rate increase. Rate moratoriums provide certainty in rates to consumers. Again, if a utility can increase rates between rate cases with the mechanism proposed in this bill, CURB will have no incentive to engage in settlement talks with the utility. I would note that one of the utilities promoting this bill is currently under a rate moratorium agreed to in settlement of its recent rate case.

Recommendation: *New (g)(8): The Commission shall decrease the allowed return on equity by 300 basis points, in any rate case, for any utility that implements a tariff as allowed by this subsection.*

This return on equity reduction serves to compensate ratepayers for the reduction in risk the utility receives though this mechanism.

Recommendation: Add to (g)(3): *In not event shall the recovery under this tariff be*

greater than 3% of base rates.

This recommendation places a hard cap on the level of overall increase in rates consumers would see in any year.

Recommendation: Add to (g)(3): *The provisions of K.S.A. 66-128(b)(2) do not apply when calculating the value of invested capital for the purposes of this act.*

The bill allows recovery of "new investment placed in service for utility services" (p.4, lines 8-9). However, K.S.A. 66-128(b)(2) allows utility plant to be placed in rates even though it has not yet been placed in service under certain circumstances. The recommendation removes this apparent conflict.

BEFORE THE SENATE COMMITTEE ON UTILITIES

Presentation Of The Kansas Corporation Commission On SB 360

Don Low - Director of Utilities
February 3, 2004

Mr. Chairman and members of the Committee, thank you for the opportunity to speak on SB 360. The KCC is opposed to this bill for numerous reasons. It would allow gas and electric utilities to propose a rate increase without going through a rate case to determine their overall earnings levels. The surcharge allowed by the bill would reflect the revenue requirements associated only with an increase in investment from one chosen year to the next.

Such a surcharge would represent "single issue ratemaking," which is generally considered unreasonable. The determination of reasonable utility rates requires a review of the total costs of providing services and not just the amount of investment or rate base. Isolating only increases in rate base doesn't allow for potential offsetting changes in operating expenses, rate of return, revenues or other components of cost of service. Consequently, "single issue ratemaking" may result in over-earnings by the utility through unreasonably high rates.

It may be argued that this bill is needed so that utilities can recover significant increases in investment without the delay of a rate case. However, even disregarding the single issue ratemaking concerns and assuming that a rate increase is truly warranted, this bill would be bad policy.

First, there are some beneficial aspects to the "lag" inherent in the regulatory process. One longstanding criticism of rate of return regulation is that it tends to create an incentive for utilities to over-invest in facilities in order to increase the amount of rate base on which a return is earned. "Regulatory lag" may help to counter that incentive and encourage efficient and prudent investments and operations. In general terms, the regulatory process provides some incentives to monopoly utilities similar to those in a competitive marketplace. Because a competitive business doesn't have assurance if or when its increased investments will be recovered in increased prices, it has incentives to invest and operate efficiently and increase prices only as necessary. This bill would give

utilities some assurance of recovering investments costs through increased rates from their monopoly customers and consequently diminish their incentive to act prudently and efficiently.

Second, we read this bill as providing the Commission with discretion to allow the surcharges for increased investment rather than mandating such surcharges. In contrast to the existing subsection (f) of K.S.A 66-117, dealing with surcharges for increases in ad valorem taxes, there is no language in the proposed new subsection (g) that requires the KCC to approve the new investment surcharge when certain conditions are met. Since the Commission already has the discretion to allow such a surcharge, this bill is unnecessary. For the reasons I have mentioned, the Commission does not generally favor addressing increases in a single cost component outside of a general rate case. However, there are existing mechanisms by which utilities can address perceived inadequate recovery of costs in extraordinary circumstance.

For a significant increase in investment, the costs that a utility will not recover until the next rate case are the annual depreciation expense, the return (or carrying costs) on the additional rate base and any increase in associated taxes. If the utility believes that those are significant costs that would not otherwise be recovered, it can request an accounting order that allows it to accumulate those costs for potential recovery in the next rate case. In addition, it could request approval for a surcharge to begin recovery of costs before the conclusion of a rate case. The Commission approved of such an accounting order and a temporary surcharge for KPL in 1991 in connection with a major gas service line replacement project. Although the Commission denied the company's request for a continuing surcharge, it did depart from standard ratemaking practices in allowing recovery of the major investment. The point is that the Commission already has discretion to address special circumstances involving significant increases in utility investments.

If the bill is considered despite concerns about single issue ratemaking and if the bill is intended to mandate KCC allowance of investment surcharges, we would point out several areas where the bill should be improved or clarified. I would emphasize, however, that we are opposed to this bill even if these improvements were made.

1. If the company invokes this bill to institute a surcharge for increased investment,

the Commission should have the ability thereafter to require rate reductions to reflect net decrease in rate base in subsequent years.

2. The Commission should have the ability to determine whether the new investment is "used and required to be used" pursuant to K.S.A.66-128. Although this bill does not appear to conflict with that statutory responsibility, some might attempt to argue that this specific bill overrides that general statute.
3. Under Subsection (g)(3), the costs recoverable under the surcharge include "revenue related taxes." To be fair, the calculation of the surcharge should also include the effects of any additional revenues.
4. The "annual earning monitoring report" referenced in (g)(4)&(5) is apparently intended as a red flag mechanism to reveal when a company might be earning more than .75% above the return established in the latest effective rates. However, the bill does not specify that the earnings report should be calculated using the same adjustments, methods and principles as adopted in the last rate case. Therefore, the earnings report has little usefulness. I should also note that determining the return used in establishing current rates may be problematic since many rate cases are settled without establishing a return.
5. Under (g)(5), there is no guidance for what occurs if the earnings report does show earnings above the .75% level and the company files a statement on why the rates are not unreasonable or in violation of law. As noted above, this bill departs from the standard practice of determining reasonableness of rates in comprehensive rate case. Consequently, it is unknown what reasonableness standard should apply. The .75% figure should simply be a limit on any surcharge.
6. Also, with regard to the earning report, the last sentence of (g)(4) requires some adjustment to "reflect allocations among customer classes." We can't determine the purpose or effect of that sentence.
7. Subsection (g)(6) is apparently intended as a safeguard in requiring a rate case after the fifth anniversary of a surcharge. However, that rate case would relate only to the investment surcharge and thus does not consider revenues, operating expenses, rate of return or other components of cost of service. To provide a

meaningful safeguard against utility abuse of this bill and unwarranted rate increases, the rate case should be a comprehensive rate case and the surcharges should be subject to refund based on the results of the rate case. (I should note that even a comprehensive rate case would not be precise in determining whether the surcharges were reasonable for the entire five year period unless it examined the costs of service throughout the entire five years.)

Again, thank you for the opportunity to comment on this bill. I will be glad to answer any questions that the Committee may have.