

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 27, 2008 in Room 313-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Others in attendance: See enclosed list.

SB 555 - Notice for customers of certain utilities of proposed rate increases by such utilities, CURB intervention in such rate increase proceedings subject to deadline.

Chair called on Senator Petersen to report on actions taken by Subcommittee on **SB 555**. The Subcommittee consisted of Senator Petersen, chair, Senator Pine and Senator Francisco.

Senator Petersen reported **SB 555** was amended to include only the five water companies under KCC jurisdiction. A definition of major increase in rates or charges was included. (Attachment 1)

Senator Pine noted the final draft of **SB 555** was addressing the concerns his constituents had voiced. He commended Chairman Petersen for getting this matter up for discussion.

Senator Francisco approved the latest draft of **SB 555**.

Moved by Senator Pine, seconded by Senator Lee, to adopt the amendments to **SB 555**. Motion carried.

Moved by Senator Pine, seconded by Senator Petersen, to move **SB 555** out favorably as amended. Motion carried. Senator Pine will carry.

SB 586 - Incentives to encourage development of nuclear power by utilities and authorizing recovery of certain costs

Chair continued discussion and possible action on **SB 586** from February 26, 2008. (Attachment 2)

Moved by Senator Francisco to amend **SB 586** by deleting (B) on lines 3 and 4, page 2. Motion failed for lack of a second.

Moved by Senator Francisco, seconded by Senator Lee, to amend **SB 586** by NOT striking lines 11-14 on page 2 " (3) Electric generation facilities under the provisions of subsection (b) (2) (C) or (b) (2)(D) shall not include facilities used in generating electricity by nuclear resources...." Motion failed.

Moved by Senator Petersen, seconded by Senator Francisco, to amend **SB 586** by striking on page 2, lines 6 and 7 the language "which facility or addition to a facility is placed in service on or after January 1, 2001. Motion carried.

Moved by Senator Reitz, seconded by Senator Pyle, to pass **SB 586** out favorably as amended. Motion carried. 'No' vote recorded for Senator Francisco. Senator Reitz will carry.

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on February 27, 2008 in Room 313-S of the Capitol.

Committee Minutes

Minutes of nine meetings of the Senate Utilities Committee held on dates listed were distributed to the committee - February 11, 2008; February 12, 2008; February 13, 2008; February 14, 2008; February 21, 2008; February 22, 2008; February 25, 2008; February 26, 2008.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 2

SENATE BILL No. 555

By Committee on Utilities

Balloon
Amendment

2-5

Senate Utilities Committee
February 27, 2008
Attachment 1-1

9 AN ACT concerning rate increases for certain utilities under the juris-
10 diction of the state corporation commission; relating to notice to cus-
11 tomers of such utilities; concerning the citizens' utility ratepayer board.
12

water

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

14 Section 1. (a) Each electric, gas, telephone or water utility over
15 which the state corporation commission has jurisdiction which applies for
16 an increase in tariffs or charges shall provide a notice of such proposed
17 tariff or charge increase including, but not limited to, a comparison of
18 current and proposed rates and a description of the cost increase for a
19 typical customer. Such notice shall be in boldface type and in no smaller
20 print than 8-point type and shall be included as a bill insert in the cus-
21 tomer's ensuing monthly bill following the application and shall include
22 a contact telephone number the customer may call to receive additional
23 information concerning the rate increase from the utility proposing such
24 increase.

a major increase in rates or charges

major increase in rates or charges

or bill message

and a website address for the state corporation commission

25 (b) The state corporation commission shall report to the citizens' util-
26 ity ratepayer board each application for an increase in tariffs or charges
27 by each electric, gas, telephone or water utility over which the state cor-
28 poration commission has jurisdiction within seven days of receipt of such
29 application by the state corporation commission.

a major

rates

and the state corporation commission

30 (c) The citizens' utility ratepayer board shall inform such electric, gas,
31 telephone or water utility in writing whether such board intends to in-
32 tervene in the rate hearing conducted by the state corporation commis-
33 sion not less than 30 days following the receipt of notice of application
34 for a major rate increase from the state corporation commission.

more

increase in rates or charges. The state corporation commission shall post on it's website whether or not the citizens' utility ratepayer board intends to intervene.

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

(d) As used in this section, "a major increase in rates or charges" means:
(1) The application relates to a general increase in revenues for the purpose of obtaining an alleged fair rate of return;
(2) material changes in operations, facilities or cost of service occur subsequent to the test year employed in any major rate decision, except for proposals that are for the sole purpose of compensating for the increased production or purchase cost of a principal product; or
(3) The application for a major increase in rates or charges will, in the opinion of the state corporation commission, materially affect the public interest if it is granted.

SENATE BILL No. 586

By Committee on Utilities

2-11

9 AN ACT concerning the state corporation commission; relating to nu-
10 clear generation facilities; concerning recovery of certain costs; amend-
11 ing K.S.A. 2007 Supp. 66-128 and repealing the existing section.
12

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

14 New Section 1. On and after July 1, 2008, the state corporation com-
15 mission, upon application and request, shall authorize an electric utility
16 to recover the utility's prudent expenditures for study and feasibility costs
17 for a new nuclear generation facility by an adjustment to the utility's rates.
18 The application and request shall be subject to such procedures and con-
19 ditions, including review, ~~in an expedited manner,~~ of the prudence of the
20 expenditures and the reasonableness of the measures, as the commission
21 deems appropriate.

22 New Sec. 2. An electric utility which receives on and after July 1,
23 2008, a license to operate a nuclear generation facility from the United
24 States nuclear regulatory commission shall be allowed to use a book de-
25 preciable remaining life of not more than the amount of time remaining
26 on the United States nuclear regulatory commission operating license of
27 such facility.

28 Sec. 3. K.S.A. 2007 Supp. 66-128 is hereby amended to read as fol-
29 lows: 66-128. (a) The state corporation commission shall determine the
30 reasonable value of all or whatever fraction or percentage of the property
31 of any common carrier or public utility governed by the provisions of this
32 act which property is used and required to be used in its services to the
33 public within the state of Kansas, whenever the commission deems the
34 ascertainment of such value necessary in order to enable the commission
35 to fix fair and reasonable rates, joint rates, tolls and charges. In making
36 such valuations the commission may avail itself of any reports, records or
37 other things available to the commission in the office of any national, state
38 or municipal officer or board.

39 (b) (1) For the purposes of this act, except as provided by subsection
40 (b)(2), property of any public utility which has not been completed and
41 dedicated to commercial service shall not be deemed to be used and
42 required to be used in the public utility's service to the public.

43 (2) Any public utility property described in subsection (b)(1) shall be

Balloon
Amendment

Senate Utilities Committee
February 27, 2008
Attachment 2-1

2-2

1 deemed to be completed and dedicated to commercial service if: (A)
 2 Construction of the property will be commenced and completed in one
 3 year or less; (B) the property is an electric generation facility that converts
 4 wind, solar, biomass, landfill gas or any other renewable source of energy;
 5 (C) the property is an electric generation facility or addition to an electric
 6 generation facility, which facility or addition to a facility is placed in serv-
 7 ice on or after January 1, 2001; or (D) the property is an electric trans-
 8 mission line, including all towers, poles and other necessary appurte-
 9 nances to such lines, which will be connected to an electric generation
 10 facility.

11 (3) ~~Electric generation facilities under the provisions of subsection~~
 12 ~~(b)(2)(C) or (b)(2)(D) shall not include facilities used in generating elec-~~
 13 ~~tricity by nuclear resources.~~

14 ~~—(4) Nothing in this subsection (b) shall be construed to preclude the~~
 15 ~~state corporation commission, either on the commission's initiation of a~~
 16 ~~docket or in a utility rate proceeding, from reviewing whether expendi-~~
 17 ~~tures for public utility property were efficient and prudent.~~

18 (c) As used in this section, "electric transmission line" means any line
 19 or extension of a line with an operating voltage of 34.5 kilovolts or more
 20 which is at least five miles in length and which is used or to be used for
 21 the bulk transfer of electricity.

22 Sec. 4. K.S.A. 2007 Supp. 66-128 is hereby repealed.

23 Sec. 5. This act shall take effect and be in force from and after its
 24 publication in the statute book.