

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on March 3, 2009, in Room 446-N of the Capitol.

All members were present.

Committee staff present:

Mike Corrigan, Office of the Revisor of Statutes
Melissa Doebelin, Office of the Revisor of Statutes
Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Ann McMorris, Committee Assistant

Conferees appearing before the committee:

David Springe, CURB

Others attending:

See attached list.

Chair opened the meeting .

Presentation on Electrical Rates

David Springe, Consumer Counsel, Citizens' Utility Ratepayer Board, explained the agency mission and philosophy, the history and laws establishing CURB, the makeup of the Board and Staff, cases heard and current cases, recent changes in regulation, legislative changes, general issues and federal issues. He distributed copies of the December 2008 and February 2009 newsletters which are also available on their website. (Attachment 1)

Questions by the committee regarding need for more transmission, rate parity, comparison of rates for coal, solar, et al and conservation and efficiency.

The next meeting is scheduled for March 4, 2009.

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,

Ann McMorris
Committee Assistant

Attachments - 1

GUEST LIST
SENATE UTILITIES COMMITTEE
MARCH 3, 2009

NAME

COMPANY

LON STANTON	NORTHERN NATURAL GAS CO
Joe Dick	KCBPU
Tom DAY	KCC
John C. Botwin	Weston
Nick Jordan	Capital Strategies
Whitney Jamm	KS Gas Service
Dan Sprung	Carb
Scott Jones	KCPCL
Mick Urban	Kansas Gas Surv
Tim Grotzner	RT&T
Bob Kuhlman	KPOGA
Mr Petty	KCC
Sandy Braden	Noches

The Citizens' Utility Ratepayer Board

Presentation to the Kansas Senate Utilities Committee

By David Springe
Consumer Counsel
March 3, 2009

Agency Mission and Philosophy

- Protect the interests of residential and small commercial utility ratepayers
- Residential and small commercial ratepayers are entitled to competent, quality legal representation before the KCC, Kansas Courts and the legislature
- Board believes that public service mission is a public trust, and as public servants we take pride in the service we perform.

History

- 1988 Created by Chairman of KCC
- 1989 Established as a State Agency by HB 2454
 - Two year sunset
 - K.S.A. 66-1222 *et seq.* enabling legislation.
- 1991 Separated from KCC and Made Independent Agency by HB 2439

K.S.A. 66-1222

66-1222. Citizens' utility ratepayer board; establishment; composition; terms; organization; meetings; compensation and expenses; powers and duties.

(a) There is hereby established a citizens' utility ratepayer board which shall consist of five members appointed by the governor. Subject to the provisions of K.S.A. 75-4315c, the governor shall appoint one member from each congressional district and the remainder from the state at large. The members of the board shall serve for a term of four years. All vacancies in office of members so appointed shall be filled by appointment by the governor for the unexpired term of the member creating the vacancy.

(b) The board shall organize annually by the election from its membership of a chairperson and shall adopt such rules of procedure as the board deems necessary for conducting its business.

(c) The board shall hold such meetings as in its judgment may be necessary for the performance of its powers, duties and functions. Appointive members of the board shall receive compensation, subsistence allowances, mileage and other expenses for attending meetings of the board as provided by K.S.A. 75-3223, and amendments thereto.

(d) The state corporation commission shall provide such technical and clerical staff assistance as may be requested by the board in the administration of the provisions of this act.

(e) The board shall administer this act and shall have and may exercise the following powers, duties and functions:

- (1) Employ an attorney as a consumer counsel;
- (2) guide the activities of the consumer counsel; and
- (3) recommend legislation to the legislature which in the board's judgment would positively affect the interests of utility consumers.

K.S.A. 66-1223

66-1223. Consumer counsel, powers. The consumer counsel may do the following:

- (a) Represent residential and small commercial ratepayers before the state corporation commission;
- (b) function as an official intervenor in cases filed with the state corporation commission, including rate increase requests;
- (c) initiate actions before the state corporation commission;
- (d) represent residential and commercial ratepayers who file formal utility complaints with the state corporation commission;
- (e) intervene in formal complaint cases which would affect ratepayers; and
- (f) make application for a rehearing or seek judicial review of any order or decision of the state corporation commission.

Other Provisions

- K.S.A. 66-1224, no authority to take action on electric or telecommunication cooperative of less than 15,000 customers
- K.S.A. 66-1225, fee funded in utility rates, not a general fund agency. Paid for by the clients we represent.

Board

- Gene Merry: Chairman
 - Second District: Burlington
- Randy Brown: Vice-Chairman
 - At-Large: Wichita
- A.W. “Bill” Dirks
 - Fourth District: Wichita
- Carol Faucher
 - Third District: Leawood
- Laura McClure
 - First District: Osborne

Staff

- David Springe: Consumer Counsel
- Niki Christopher: Attorney
- C. Steven Rarrick: Attorney
- Stacey Harden: Analyst
- Shonda Smith: Office Manager
- Della Smith: Administrative Specialist

Website: CURB.Kansas.gov

Cases

- About 30-40 cases per year
- Rate cases highest priority
 - Westar
 - KCPL
 - MKEC
- Policy Dockets
 - Energy efficiency and conservation
 - Billing standards
- Misc. Cases
 - GSRS
 - ACA
 - Transmission

Current Cases

- Westar Rate Case (1041)
 - \$130 million increase (wind, emporia, storm)
 - No incentive on wind (K.S.A. 66-117e)
 - ECA changes, forward looking
 - ECRR environmental cost recovery
 - Rate design changes
- Westar Rate Consolidation (641)
- Westar Abbreviated Rate Case
- Westar RFP up to 500MW wind.

Current Cases

- Kansas City Power & Light Rate Case (246)
 - \$71 million proposed increase
 - Case # 3 of 4 (\$29 in 2007, \$28 in 2008)
 - Original \$2 billion plan (\$1.3 billion regulatory plan plus \$700 normal capital expenditure)
 - Iatan 1 environmental costs current case
 - Iatan 2 coal plant next case
 - CIAC mechanism
 - Rate Design

Current Cases

- Transmission Cases
 - ITC Great Plains/Prairie Wind (936, 1022)
- Energy Efficiency/Conservation Dockets
 - Plans, programs, economics, review, measurement, cost recovery, fuel switching (441, 442, 160)
 - PURPA requirements (360,361)
 - Smart grid/meters????
- Wolf Creek
 - Three year decommissioning review

1-6

Recent Changes in Regulation

- Energy Cost Adjustment
 - KCC created in 1978, but most electric utilities stopped in late 80's. KCC has reinstated recently
 - Fuel costs (+/-) directly to consumers
 - Off system sales revenue directly to consumer
 - All risk directly to consumers.
 - CURB pushed forward looking, published rate
- Environmental Cost Adjustment
 - Only Westar currently
 - Capital recovery surcharge between rate cases for air related environmental

Legislative Changes

- K.S.A. 66-1239
 - Regulatory pre-approval of projects and cost recovery
- K.S.A. 66-1237
 - Transmission cost line item, updated annually
 - Less time between cases
- K.S.A 66-1,180
 - 120 day transmission siting
- K.S.A. 66-1242
 - 15 year transmission depreciation

Legislative Changes

- K.S.A 66-128 CWIP
 - Allows construction costs in rates prior to plant coming on line
 - Including nuclear
- K.S.A. ????
 - Cost recovery for nuclear expenditures

Other Legislative

- K.S.A 66-117e
 - Incentive for renewable energy and conservation
 - With 66-1239 pre-approval, no risk, why should consumers pay incentives?
- K.S.A. 66-117f
 - Property tax adjustment
- K.S.A. 74-99d01 et seq.
 - Kansas Electric Transmission Authority
- K.S.A. 66-1233
 - Security cost recovery: Confidential.

General Issues

- Return on Equity
 - Shareholder Profit
- Depreciation
- Rate design
- Conservation and Efficiency
 - Incentives?
 - Who should provide?

Federal issues

- Carbon Regulation
 - Tax or cap and trade?
 - Where do allowances go?
- Renewable Portfolio Standards
- “Smart Grid”
- Transmission
- Stimulus money
 - Strings attached?
 - Decoupling/building codes