

CHAPTER 174

SENATE BILL No. 586

AN ACT concerning energy; relating to electric utilities; establishing the joint committee on energy and environmental policy; amending K.S.A. 74-8941 and K.S.A. 2007 Supp. 66-128, 79-258 and 79-259 and repealing the existing sections.

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

New Section 1. On and after July 1, 2008, the state corporation commission, upon application and request, shall authorize an electric utility to recover the utility's prudent expenditures for development costs, which include preliminary engineering, study, feasibility, prepayments for major equipment and permitting costs for a new nuclear generation facility by an adjustment to the utility's rates. The application and request shall be subject to such procedures and conditions, including review of the prudence of the expenditures and the reasonableness of the measures, as the commission deems appropriate. The commission shall allow any electric public utility to apply and request a predetermination of rate-making principles and treatment applicable to the utility's rates to recover development costs for a new nuclear generation facility, which include preliminary engineering, study, feasibility, prepayments for major equipment and permitting costs, prior to construction of the facility.

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

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

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

(2) Any public utility property described in subsection (b)(1) shall be deemed to be completed and dedicated to commercial service if: (A) Construction of the property will be commenced and completed in one year or less; (B) the property is an electric generation facility that converts wind, solar, biomass, landfill gas or any other renewable source of energy; (C) the property is an electric generation facility or addition to an electric generation facility, ~~which facility or addition to a facility is placed in service on or after January 1, 2001;~~ or (D) the property is an electric transmission line, including all towers, poles and other necessary appurtenances to such lines, which will be connected to an electric generation facility.

~~(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.~~

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

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

New Sec. 4. (a) There is hereby established a joint committee on energy and environmental policy which shall consist of six members of the house of representatives and five members of the senate. The house

of representatives members shall be appointed by the speaker of the house and the minority leader. The senate members shall be appointed by the president and the minority leader. The two major political parties shall have proportional representation on such committee. In the event application of the preceding sentence results in a fraction, the party having a fraction exceeding .5 shall receive representation as though such fraction were a whole number. The speaker of the house of representatives shall designate a representative member to be chairperson or vice-chairperson of the joint committee as provided by this section. The president of the senate shall designate a senate member to be chairperson or vice-chairperson of the joint committee as provided by this section.

(b) Any vacancy in the membership of the joint committee on energy and environmental policy shall be filled by appointment in the manner prescribed by this section for the original appointment.

(c) All members of the joint committee on energy and environmental policy shall serve for terms of two years ending on the first day of the regular session of the legislature commencing in the first odd year after appointment, except that the initial members appointed on or after November 10, 2008, shall serve for terms ending on the first day of the regular session of the legislature commencing in 2009. For the initial term of members appointed on or after November 10, 2008, the chairperson of the joint committee shall be a senate member designated by the president of the senate. In the biennium commencing with the convening of the regular session of the legislature in 2009, and each two years thereafter, the chairperson of the joint committee shall be a senate member designated by the president of the senate. In the biennium commencing with the convening of the regular session of the legislature in 2011, and each two years thereafter, the chairperson of the joint committee shall be a representative member designated by the speaker of the house of representatives. If a vacancy occurs in the office of the chairperson, a member of the joint committee who is a member of the same house of the legislature as the member who vacated the office shall be appointed by the speaker of the house or president of the senate, depending on the house membership of the vacating member, to fill such vacancy.

(d) A quorum of the joint committee on energy and environmental policy shall be six. All actions of the joint committee shall be taken by a majority of all of the members of the joint committee.

(e) The joint committee on energy and environmental policy shall have the authority to meet at any time and at any place within the state on the call of the chairperson.

(f) The provisions of the acts contained in article 12 of chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the joint committee on energy and environmental policy to the extent that the same do not conflict with the specific provisions of this act applicable to the joint committee.

(g) Members of the joint committee on energy and environmental policy shall receive compensation, travel expenses and subsistence expenses as provided in K.S.A. 75-3212, and amendments thereto, when attending meetings of the committee.

(h) The staff of the office of revisor of statutes, the legislative research department and other central legislative staff service agencies shall provide such assistance as may be requested by the joint committee.

(i) The joint committee on energy and environmental policy may introduce such legislation as it deems necessary in performing its functions.

(j) The joint committee on energy and environmental policy shall submit a report to the legislature and to the standing committees of the house of representatives and the senate which are assigned utility, energy, environment and natural resources issues before December 31 each year with any findings and recommendations concerning energy and environmental policy which such joint committee deems necessary.

(k) The provisions of this section shall not take effect if the provisions of 2008 House Bill No. 2412 are passed by the legislature and enacted into law.

Sec. 5. K.S.A. 74-8941 is hereby amended to read as follows: 74-8941. (a) For the purpose of financing the construction, purchase and installation of pollution control devices at electric generation facilities and additions to electric generation facilities described in subsection ~~(b)(2)(D)~~ ~~(b)(2)(D)~~ (b)(2)(C) of K.S.A. 66-128, and amendments thereto, the Kansas development finance authority is hereby authorized to issue revenue bonds in

amounts sufficient to pay the costs of such construction, purchase and installation, including any required interest on the bonds during construction and installation, plus all amounts required for the costs of bond issuance and any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues derived from sales of generation from the electric generation facility. As used in this subsection, "pollution control devices" means any device or structure required to meet air emission or water discharge standards imposed by state or federal law.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued hereunder shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

Sec. 6. K.S.A. 2007 Supp. 79-258 is hereby amended to read as follows: 79-258. The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas:

(a) All electric generation facilities and additions to electric generation facilities described in subsection ~~(b)(2)(D)~~ (b)(2)(C) of K.S.A. 66-128, and amendments thereto.

(b) The provisions of subsection (a) shall apply: (1) Except as provided in paragraph (2), from and after commencement of construction of such property and for the 10 taxable years immediately following the taxable year in which construction of such property is completed; or (2) for a peak load plant, from and after commencement of construction of such peak load plant and for the four taxable years immediately following the taxable year in which construction of such property is completed.

(c) All pollution control devices purchased for or constructed or installed at electric generation facilities described in subsection ~~(b)(2)(D)~~ (b)(2)(C) of K.S.A. 66-128, and amendments thereto.

(d) The provisions of subsection (c) shall apply: (1) Except as provided in paragraph (2), from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which such property is purchased or construction or installation of such property is completed; or (2) for a peak load plant, from and after purchase or commencement of construction or installation of such property and for the four taxable years immediately following the taxable year in which such property is purchased or construction or installation of such property is completed.

(e) As used in this section, "peak load plant" means an electric generation facility used during maximum load periods.

(f) The provisions of this section shall apply to all taxable years commencing after December 31, 2000.

Sec. 7. K.S.A. 2007 Supp. 79-259 is hereby amended to read as follows: 79-259. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

(a) All electric transmission lines and appurtenances described in subsection ~~(b)(2)(E)~~ (b)(2)(D) of K.S.A. 66-128, and amendments thereto, and the right-of-way on which such lines are located.

(b) The provisions of this section shall apply to property the construction of which is completed after December 31, 2000, and for the 10 taxable years immediately following the taxable year in which construction of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2000.

Sec. 8. K.S.A. 74-8941 and K.S.A. 2007 Supp. 66-128, 79-258 and 79-259 and hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its

publication in the statute book.

Approved May 18, 2008.

---