

SESSION OF 2003

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2130

As Amended by Senate Committee on
Utilities

Brief*

The bill would amend existing law regarding siting of electrical power transmission lines. The bill also would enact new law regarding recovery of transmission costs.

In regard to transmission line siting, the bill would require the Kansas Corporation Commission (KCC) to consider, during its decision making process, benefits to consumers inside and outside the state and Kansas economic development.

The bill also would enact a new statute allowing electric utilities to pass through to retail customers costs of transmission in a manner consistent with the determination of transmission related costs from an order of a regulatory authority having legal jurisdiction. Those costs would be added to customers' bills as a separate transmission delivery charge. The initial transmission delivery charge would be based on transmission-related costs approved by the KCC in the utility's most recent retail rate filing. When a transmission delivery charge is initially effective, the utility's retail rates would be reduced so that the sum of the retail rate and the transmission charge is equal to the retail rate in effect immediately before the transmission charge became effective.

The transmission delivery charge could subsequently be adjusted by the utility any time a transmission related cost is incurred as a result of an order of a regulatory authority with jurisdiction over transmission. Electric utilities would be required to file a report with the KCC at least 30 business days prior to changing the transmission delivery charge. If the KCC determined that all or part of the charge did not result from an order of a regulatory body, the Commission may require the charge to be changed and could impose appropriate

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

remedies. A change in the transmission charge would not trigger a review or adjustment of the retail rates in effect at the time of the transmission charge change.

Background

The House Committee amended the bill to require that the initial application of a transmission delivery charge to a utility bill would not result in an effective rate increase. The Committee also amended the bill to require prior notice of a change to a transmission delivery charge.

At the House Committee's hearing, the bill was supported by representatives of: Westar Energy; Aquila, Inc.; Kansas Renewable Energy Working Group, and Kansas City Power & Light Co. Representatives of the KCC and the Citizens' Utility Ratepayer Board presented testimony in opposition to the bill.

The Senate Committee on Utilities amended the bill to provide that the costs of transmission be recovered in a manner consistent with the determination of transmission related costs from an order of a regulatory authority having legal jurisdiction. The Committee also amended the bill to change the required amount of time before changing the transmission delivery charge where electric utilities must file a report with the KCC. The amendment changes this time from 5 business days to 30 business days.

A fiscal note was not available at the time the House Committee took action on the bill.