

February 3, 2025

The Honorable Leo Delperdang, Chairperson
House Committee on Energy, Utilities and Telecommunications
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Delperdang:

SUBJECT: Fiscal Note for HB 2032 by House Committee on Energy, Utilities and Telecommunications

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2032 is respectfully submitted to your committee.

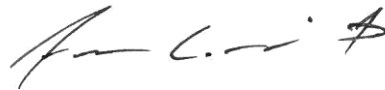
HB 2032 would authorize the Kansas Corporation Commission (KCC) to increase or decrease an electric public utility's return on equity based on whether such utility's all-in average retail rate has increased or decreased. The bill would require the state corporation commission to amend rates based on the changes and would define "all-in average retail rate."

The Citizens' Utility Ratepayer Board (CURB) indicates that the bill would increase expenditures by \$8,000 in FY 2025 and \$10,000 in FY 2026 from agency fee funds due to increases in workload. The agency notes that, depending on the complexity of determining whether conditions would authorize an increase or decrease, the bill could require additional resources to intervene and litigate changes to the rates. The bill could also alter how much revenue a utility earns in between rate cases, which would also influence the frequency of filings. The agency states that utilization of this new review would be dependent on the activity of the utility, both in terms of managing costs and expenses to trigger the adjustments and procedural steps to raise the issue. The agency indicates utilities typically file rate cases once every few years and have the option to file abbreviated rate cases, focusing on a limited number of issues and adjustments within a year after the conclusion of a rate case. Public hearings tend to coincide with rate cases and dockets related to transmission siting and other dockets of significant interest and impact. The agency states that increased expenditures to address these new cases would affect fee assessments to utilities that fund CURB due to the increase in workload.

The KCC indicates that the enactment of the bill would have a minimal fiscal effect that could be absorbed within existing resources. Any fiscal effect associated with HB 2032 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties indicates that enactment of the bill would not have a fiscal effect for county governments, however the Association notes the increase, or decrease would be valid for 12 months and may affect the utility's all-in average retail rate.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a large initial "A" and a stylized "P" at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Retz, Kansas Corporation Commission
Shonda Rabb, Citizens Utility Ratepayer Board
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties