

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2489**

As Recommended by House Committee on  
Energy and Utilities

**Brief\***

HB 2489 would allow a natural gas cooperative public utility to be exempt from the rate-making jurisdiction of the Kansas Corporation Commission (KCC), subject to the affirmative vote of a majority of the cooperative's members voting on the proposal. The utility would continue to be subject to KCC jurisdiction for such issues as pipeline safety, customer complaints, and certificated territory.

If rate deregulation is approved, the bill would require notice to customers of proposed rate changes and a public schedule of rates and charges. A cooperative that fails to provide either the required notice or the schedule of rates and charges would be subject to civil penalties. In addition, the bill would outline the process by which cooperative members could request a KCC investigation of changes in rates, and would give the KCC authority to remedy rates, charges or classifications it deems unjust.

**Background**

The General Manager of Midwest Energy, the only utility affected by HB 2489, testified in support of the bill. He described the bill as essentially the electric cooperative deregulation statute expanded to apply to natural gas cooperatives. Midwest is a combination gas and electric utility; as such, it has not been efficient for the company to seek rate deregulation for only part of its business.

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\*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>

There was no testimony in opposition to the bill.

The fiscal note prepared by the Division of the Budget indicates the bill would not have a fiscal effect on the KCC or on the Citizens' Utility Ratepayer Board.