

## HOUSE BILL No. 2601

By Committee on Energy, Utilities and Telecommunications

2-1

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1 AN ACT concerning utilities; relating to the state corporation commission;  
2 concerning reports to the legislature; relating to electric rates, regional  
3 comparisons, recommendations, increases; amending K.S.A. 66-117  
4 and 66-117b and repealing the existing sections.  
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6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. Prior to December 1, 2018, the state corporation  
8 commission shall provide a report to the legislature recommending  
9 statutory changes, executive actions or changes in commission rules and  
10 regulations that would lower electric rates to a level making Kansas  
11 electric rates competitive with electric rates in other states in the region,  
12 including Missouri, Nebraska, Oklahoma, Colorado, Arkansas, Iowa and  
13 any additional regional states that the commission deems appropriate.

14 Sec. 2. K.S.A. 66-117 is hereby amended to read as follows: 66-117.

15 (a) Unless the state corporation commission otherwise orders, no common  
16 carrier or public utility over which the commission has control shall make  
17 effective any changed rate, joint rate, toll, charge or classification or  
18 schedule of charges, or any rule or regulation or practice pertaining to the  
19 service or rates of such public utility or common carrier except by filing  
20 the same with the commission at least 30 days prior to the proposed  
21 effective date. The commission, for good cause, may allow such changed  
22 rate, joint rate, toll, charge or classification or schedule of charges, or rule  
23 or regulation or practice pertaining to the service or rates of any such  
24 public utility or common carrier to become effective on less than 30 days'  
25 notice. If the commission allows a change to become effective on less than  
26 30 days' notice, the effective date of the allowed change shall be the date  
27 established in the commission order approving such change, or the date of  
28 the order if no effective date is otherwise established. Any such proposed  
29 change shall be shown by filing with the state corporation commission a  
30 schedule showing the changes, and such changes shall be plainly indicated  
31 by proper reference marks in amendments or supplements to existing  
32 tariffs, schedules or classifications, or in new issues thereof. *For electric*  
33 *public utilities and natural gas public utilities, the commission shall*  
34 *approve no more than one rate, joint rate, toll, charge or classification or*  
35 *schedule of charges increase in any calendar year per regulated utility,*  
36 *except by a commission-approved purchased gas adjustment or energy*

1 *cost adjustment.*

2 (b) Whenever any common carrier or public utility governed by the  
3 provisions of this act files with the state corporation commission a  
4 schedule showing the changes desired to be made and put in force by such  
5 public utility or common carrier, the commission either upon complaint or  
6 upon its own motion, may give notice and hold a hearing upon such  
7 proposed changes. Pending such hearing, the commission may suspend the  
8 operation of such schedule and defer the effective date of such change in  
9 rate, joint rate, toll, charge or classification or schedule of charges, or any  
10 rule or regulation or practice pertaining to the service or rates of any such  
11 public utility or common carrier by delivering to such public utility or  
12 common carrier a statement in writing of its reasons for such suspension.

13 (c) The commission shall not delay the effective date of the proposed  
14 change in rate, joint rate, toll, charge or classification or schedule of  
15 charges, or in any rule or regulation or practice pertaining to the service or  
16 rates of any such public utility or common carrier, more than 240 days  
17 beyond the date the public utility or common carrier filed its application  
18 requesting the proposed change. If the commission does not suspend the  
19 proposed schedule within 30 days of the date the same is filed by the  
20 public utility or common carrier, such proposed schedule shall be deemed  
21 approved by the commission and shall take effect on the proposed  
22 effective date. If the commission has not issued a final order on the  
23 proposed change in any rate, joint rate, toll, charge or classification or  
24 schedule of charges, or any rule or regulation or practice pertaining to the  
25 service or rates of any such public utility or common carrier, within 240  
26 days after the carrier or utility files its application requesting the proposed  
27 change, then the schedule shall be deemed approved by the commission  
28 and the proposed change shall be effective immediately, except that: (1)  
29 For purposes of the foregoing provisions regarding the period of time  
30 within which the commission shall act on an application, any amendment  
31 to an application for a proposed change in any rate, which increases the  
32 amount sought by the public utility or common carrier or substantially  
33 alters the facts used as a basis for such requested change of rate, shall, at  
34 the option of the commission, be deemed a new application and the 240-  
35 day period shall begin again from the date of the filing of the amendment;,  
36 (2) if hearings are in process before the commission on a proposed change  
37 requested by the public utility or common carrier on the last day of such  
38 240-day period, such period shall be extended to the end of such hearings  
39 plus 20 days to allow the commission to prepare and issue its final order;,  
40 and; (3) nothing in this subsection shall preclude the public utility or  
41 common carrier and the commission from agreeing to a waiver or an  
42 extension of the 240-day period.

43 (d) Except as provided in subsection (c), no change shall be made in

1 any rate, toll, charge, classification or schedule of charges or joint rates, or  
2 in any rule or regulation or practice pertaining to the service or rates of any  
3 such public utility or common carrier, without the consent of the  
4 commission. Within 30 days after such changes have been authorized by  
5 the state corporation commission or become effective as provided in  
6 subsection (c), copies of all tariffs, schedules and classifications, and all  
7 rules and regulations, except those determined to be confidential under  
8 rules and regulations adopted by the commission, shall be filed in every  
9 station, office or depot of every such public utility and every common  
10 carrier in this state, for public inspection.

11 (e) Upon a showing by a public utility before the state corporation  
12 commission at a public hearing and a finding by the commission that such  
13 utility has invested in projects or systems that can be reasonably expected  
14 to: (1)~~to~~ Produce energy from a renewable resource other than nuclear for  
15 the use of its customers;; (2)~~to~~ cause the conservation of energy used by  
16 its customers;; or (3)~~to~~ bring about the more efficient use of energy by its  
17 customers, the commission may allow a return on such investment equal to  
18 an increment of from  $\frac{1}{2}\%$  to 2% plus an amount equal to the rate of return  
19 fixed for the utility's other investment in property found by the  
20 commission to be used or required to be used in its services to the public.  
21 The commission may also allow such higher rate of return on investments  
22 by a public utility in experimental projects, such as load management  
23 devices, which it determines after public hearing to be reasonably designed  
24 to cause more efficient utilization of energy and in energy conservation  
25 programs or measures which it determines after public hearing provides a  
26 reduction in energy usage by its customers in a cost-effective manner.

27 (f) Whenever, after the effective date of this act, an electric public  
28 utility, a natural gas public utility or a combination thereof, files tariffs  
29 reflecting a surcharge on the utility's bills for utility service designed to  
30 collect the annual increase in expense charged on its books and records for  
31 ad valorem taxes, such utility shall report annually to the state corporation  
32 commission the changes in expense charged for ad valorem taxes. For  
33 purposes of this section, such amounts charged to expense on the books  
34 and records of the utility may be estimated once the total property tax  
35 payment is known. If found necessary by the commission or the utility, the  
36 utility shall file tariffs which reflect the change as a revision to the  
37 surcharge. Upon a showing that the surcharge is applied to bills in a  
38 reasonable manner and is calculated to substantially collect the increase in  
39 ad valorem tax expense charged on the books and records of the utility, or  
40 reduce any existing surcharge based upon a decrease in ad valorem tax  
41 expense incurred on the books and records of the utility, the commission  
42 shall approve such tariffs within 30 days of the filing. Any over or under  
43 collection of the actual ad valorem tax increase charged to expense on the

1 books of the utility shall be either credited or collected through the  
2 surcharge in subsequent periods. The establishment of a surcharge under  
3 this section shall not be deemed to be a rate increase for purposes of this  
4 act. The net effect of any surcharges established under this section shall be  
5 included by the commission in the establishment of base rates in any  
6 subsequent rate case filed by the utility.

7 (g) Except as to the time limits prescribed in subsection (c),  
8 proceedings under this section shall be conducted in accordance with the  
9 provisions of the Kansas administrative procedure act.

10 Sec. 3. K.S.A. 66-117b is hereby amended to read as follows: 66-  
11 117b. The state corporation commission shall report to the legislature in  
12 accordance with this section on or before February 1 each year in regard to  
13 any changed rate, joint rate, toll, charge or classification or schedule of  
14 charges, or any rule or regulation or practice pertaining to the service or  
15 rates of a public utility or common carrier approved by the state  
16 corporation commission during the preceding fiscal year *and an*  
17 *assessment of the regional competitiveness of electric and gas rates, with*  
18 *such assessment to compare the rates in Kansas with Missouri, Nebraska,*  
19 *Oklahoma, Colorado, Arkansas, Iowa and any additional regional states*  
20 *that the commission deems appropriate. For each approved rate change*  
21 *that resulted in a rate increase that exceeds the consumer price index, the*  
22 *commission shall report the circumstances that led to the approval of such*  
23 *rate increase. Such report shall contain statistical and narrative*  
24 *information as the state corporation commission deems appropriate. Such*  
25 *report need not include any information regarding any public utility or*  
26 *common carrier that had less than \$10,000,000 annual operating revenues*  
27 *in the preceding calendar year. The report to the legislature under this*  
28 *section shall be made by the state corporation commission either (a) by*  
29 *publishing such report on the internet and by notifying providing the*  
30 *legislature that the website address where the report is available and*  
31 *providing, as part of such notice, the uniform resource locator (URL) at*  
32 *which such report is available, or (b) by submitting copies of such report*  
33 *on CD-ROM or other electronically readable media to the legislature.*

34 Sec. 4. K.S.A. 66-117 and 66-117b are hereby repealed.

35 Sec. 5. This act shall take effect and be in force from and after its  
36 publication in the statute book.