

SENATE BILL No. 24

By Committee on Utilities

1-17

1 AN ACT concerning utilities; relating to electric utilities; recovery of
2 transmission-related costs; amending K.S.A. 66-1237 and repealing the
3 existing section.
4

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

6 Section 1. K.S.A. 66-1237 is hereby amended to read as follows: 66-
7 1237. (a) Any electric utility subject to the regulation of the state
8 corporation commission pursuant to K.S.A. 66-101, and amendments
9 thereto, may seek to recover costs associated with transmission of electric
10 power, in a manner consistent with the determination of transmission-
11 related costs from an order of a regulatory authority having legal
12 jurisdiction, through a separate transmission delivery charge included in
13 customers' bills. The electric utility's initial transmission delivery charge
14 resulting from this section may be determined by the commission either
15 from transmission-related costs approved in the electric utility's most
16 recent retail rate filing or in an order establishing rates in response to a
17 general retail rate application by an electric utility.

18 (b) If an electric utility elects to recover its transmission-related costs
19 through a transmission delivery charge, such electric utility shall have the
20 right to implement a transmission delivery charge through an application
21 to the commission.

22 (1) If an electric utility proposes to establish its initial transmission
23 delivery charge other than in connection with an application to the
24 commission that proposes a general retail rate change the commission
25 shall, effective the same date as the effective date of the initial
26 transmission delivery charge, unbundle the electric utility's retail rates in
27 such a manner that the sum of the revenue to be recovered from the initial
28 transmission delivery charge and the non-transmission-related retail rates
29 will be consistent with the revenue that would be recovered from the retail
30 rates in effect immediately prior to the effective date of the initial
31 transmission delivery charge.

32 (2) If an electric utility proposes to establish its initial transmission
33 delivery charge in connection with an application to the commission for a
34 general retail rate change, the commission shall, in its order in such rate
35 proceeding, determine the electric utility's transmission-related costs
36 related to its service to Kansas retail customers and determine an initial

1 transmission delivery charge sufficient to permit the electric utility to
2 recover from its Kansas retail customers such utility's transmission-related
3 costs incurred to provide service to such customers.

4 (c) *Except as provided in subsection (d), all transmission-related costs*
5 *incurred by an electric utility and resulting from any order of a regulatory*
6 *authority having legal jurisdiction over transmission matters, including*
7 *orders setting rates on a subject-to-refund basis, shall be conclusively*
8 *presumed prudent for purposes of the transmission delivery charge and an*
9 *electric utility may change its transmission delivery charge whenever there*
10 *is a change in transmission-related costs resulting from such an order. The*
11 *commission may also order such a change if the utility fails to do so. An*
12 *electric utility shall submit a report to the commission at least 30 business*
13 *days before changing the utility's transmission delivery charge. If the*
14 *commission subsequently determines that all or part of such charge did not*
15 *result from an order described by this subsection, the commission may*
16 *require changes in the transmission delivery charge and impose*
17 *appropriate remedies, including refunds.*

18 (d) (1) *Any electric utility electing to recover the utility's*
19 *transmission-related costs through a transmission delivery charge may*
20 *include, as a component of such charge, a return on common equity*
21 *capital associated with transmission facilities owned by such utility, but*
22 *such return shall not exceed the actuarially assumed investment rate of*
23 *return established by the board of trustees of the Kansas public employees*
24 *retirement system. This limitation on recoverable equity capital costs shall*
25 *not apply to costs associated with the use of transmission facilities not*
26 *owned by such utility.*

27 (2) *If an electric utility implements a transmission delivery charge,*
28 *such charge shall be the electric utility's exclusive manner of recovering*
29 *transmission-related costs from the utility's retail customers.*

30 Sec. 2. K.S.A. 66-1237 is hereby repealed.

31 Sec. 3. This act shall take effect and be in force from and after its
32 publication in the statute book.