

HOUSE BILL No. 2225

By Committee on Energy, Utilities and Telecommunications

1-30

1 AN ACT concerning utilities; relating to electric utilities; including cost
2 recovery of transmission-related costs for transmission facilities
3 constructed as a result of a directive from the regional transmission
4 organization; excluding cost recovery for transmission facilities
5 constructed as a result of internal or local planning; amending K.S.A.
6 66-1237 and repealing the existing section.
7

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

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

21 (b) (1) If an electric utility elects to recover its transmission-related
22 costs through a transmission delivery charge, such electric utility shall
23 have the right to implement a transmission delivery charge through an
24 application to the commission.

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

35 (3) If an electric utility proposes to establish its initial transmission
36 delivery charge in connection with an application to the commission for a

1 general retail rate change, the commission shall, in its order in such rate
2 proceeding, determine the electric utility's transmission-related costs
3 related to its service to Kansas retail customers and determine an initial
4 transmission delivery charge sufficient to permit the electric utility to
5 recover from its Kansas retail customers such utility's transmission-related
6 costs incurred to provide service to such customers.

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

21 (d) (1) *A for-profit, investor-owned electric utility serving more than*
22 *20,000 customers in Kansas that elects to recover such utility's*
23 *transmission-related costs through a transmission delivery charge*
24 *pursuant to this section may include, as a component of such charge, all*
25 *transmission-related costs associated with transmission facilities*
26 *constructed as a result of a notice to construct or similar directive from a*
27 *regional transmission organization or independent system operator that is*
28 *regulated by the federal energy regulatory commission, or any successor*
29 *agency.*

30 (2) *Such for-profit, investor-owned electric utility shall not include,*
31 *as a component of a transmission delivery charge, transmission-related*
32 *costs associated with transmission facilities constructed as a result of such*
33 *utility's internal or local planning processes absent a notice to construct*
34 *or similar directive from a regional transmission organization or*
35 *independent system operator that is regulated by the federal energy*
36 *regulatory commission, or any successor agency.*

37 (3) *On July 1, 2023, if a for-profit, investor-owned electric utility*
38 *serving more than 20,000 customers in Kansas, is recovering*
39 *transmission-related costs as described in subsection (d)(2) through a*
40 *transmission delivery charge:*

41 (A) *Within 90 days from such date, such utility shall file with the state*
42 *corporation commission a revision to such utility's transmission delivery*
43 *charge to remove recovery of costs as described in subsection (d)(2); and*

1 *(B) within 240 days of receipt of such utility's request for revision, the*
2 *commission shall remove costs described in subsection (d)(2) and include*
3 *such costs as a component of such utility's rate base.*

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

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