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MEMORANDUM

To: Senate Committee on Utilities
From: Office of Revisor of Statutes
Date: March 22, 2023
Subject: Bill Brief – House Bill 2225 as amended by House Committee

House Bill 2225 would revise how electric public utilities recover certain transmission related costs through the transmission delivery charge and would require public utilities to evaluate regional rate competitiveness and impacts to economic development in any general rate case proceeding conducted before the Kansas Corporation Commission (KCC).

Transmission Delivery Charges

HB 2225 would amend K.S.A. 66-1237 which authorizes electric public utilities to recover the costs associated with the transmission of electric power through a separate transmission delivery charge on customer bills. Current law establishes that any transmission-related costs incurred by an electric public utility resulting from an order of a regional transmission organization are presumed prudent for the purposes of the transmission delivery charge. A utility may adjust its transmission delivery charge accordingly.

HB 2225 would revise how a for-profit, investor-owned electric public utility serving more than 20,000 customers in the state recovers such transmission related costs through the transmission delivery charge. First, HB 2225 would authorize such utility to recover the fees and costs imposed on the electric utility in connection with the operation of wholesale power markets by a regional transmission organization as part of the transmission delivery charge.

Second, if such electric public utility recovers, as a component of the transmission delivery charge, transmission-related costs associated with facilities constructed as a result of the utility's local or internal planning processes that are not due to a directive from a regional transmission organization, HB 2225 would require such utility to make a compliance filing with the KCC

regarding such internal or local transmission projects to continue recovering such internal or local transmission costs. The utility's compliance filing with the KCC would be required to include the following information:

1. For each non-blanket work order transmission project over \$15,000,000, or a different amount deemed necessary by KCC staff, an itemized list of projected transmission spending for the next two calendar years; and
2. For each transmission project:
 - A. A project identifier or name;
 - B. The anticipated in-service date;
 - C. The projected cost;
 - D. The specific location within the utility's system;
 - E. Whether it is a new build, rebuild, upgrade or other classification;
 - F. The purpose of the project and the anticipated reliability benefits;
 - G. A description of the facilities that are being replaced or upgraded; and
 - H. The additional load or economic development benefits.

As part of the compliance filing, the public utility must also propose a date and time for the public utility to conduct a technical conference to discuss the details of the project with KCC staff, the citizens' utility ratepayer board and other KCC authorized intervenors. The technical conference must be held not later than 90 days after the utility filed the compliance filing.

The utility must also propose a date and time for a public workshop where the public utility would present the details of the transmission projects that are anticipated in the next calendar year and be subject to questions from the commission, commission staff and other KCC authorized intervenors. The public workshop must be held not later than 120 days after the utility filed the compliance filing.

Commencing January 1, 2024, and prior to April 1, 2024, the KCC would be required to adjust the return on equity for the internal or local transmission costs from the Federal Energy Regulatory Commission's jurisdictional return on equity to the KCC's authorized return on equity which was last used to establish the utility's base rates. In all subsequent transmission delivery charge updates, the utility would be required to maintain the KCC's authorized return on equity for the local or internally planned transmission projects.

General Rate Case Proceedings

HB 2225 would amend K.S.A. 66-117 which governs public utility rate case proceedings conducted before the KCC. HB 2225 would require any electric public utility serving more than 20,000 customers in Kansas to submit to the KCC, in any general rate case proceeding, an assessment of the regional rate competitiveness of the electric public utility's current and proposed rates and the impact of the electric public utility's current and proposed rates upon economic development.

The bill would take effect on July 1, 2023, upon publication in the statute book.