

February 10, 2011

The Honorable Carl Holmes, Chairperson
House Committee on Energy and Utilities
Statehouse, Room 174-W
Topeka, Kansas 66612

Dear Representative Carl Holmes:

SUBJECT: Fiscal Note for HB 2144 by House Committee on Energy and Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2144 is respectfully submitted to your committee.

HB 2144 would allow the Kansas Corporation Commission (KCC), upon request from a natural gas public utility, to grant temporary authority to the utility to put in place a proposed rate change. This action would be contingent on the utility refunding the amount of the difference between the amount collected through the temporary rates and the amount that would have been collected had final rates approved by the KCC been in effect. Interest on the refund would equal 10.0 percent of the current prime rate. The KCC would have 90 days to determine what portion of the rate to be placed in effect.

The bill would also allow a natural gas public utility to choose to place into effect temporary rates without KCC review ten days after filing. In this situation, the utility would be required to file a bond and be subject to refunding the difference between the amount collected through the temporary rates and the amount that would have been collected had final rates approved by the KCC been in effect.

| Estimated State Fiscal Effect | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 2011 SGF | FY 2011 All Funds | FY 2012 SGF | FY 2012 All Funds |
| Revenue | -- | -- | -- | -- |
| Expenditure | -- | -- | -- | \$200,000 |
| FTE Pos. | -- | -- | -- | -- |

Passage of the bill would not have a fiscal effect on the Citizens Utility Ratepayer Board. The KCC indicates that passage of the bill could result in an interim rate case request and a full rate case going on at the same time for the same company, as well as more than one company

The Honorable Carl Holmes, Chairperson

February 10, 2011

Page 2—Fisc_Note_Hb2144

requesting a rate increase at the same time. For this reason, the KCC would need to increase expenditures by \$200,000 from the Public Service Regulation Fund to pay for consulting services to assist in the filings. Any additional expenses to the fund would be recouped through direct assessments to the applicants. The bill is expected to have little or no effect on consumers. The fiscal effect of HB 2144 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Tom Day, KCC
Shonda Smith, CURB