

# STATE OF KANSAS



DIVISION OF THE BUDGET  
LONDON STATE OFFICE BUILDING  
900 SW JACKSON STREET, ROOM 504  
TOPEKA, KS 66612

PHONE: (785) 296-2436  
FAX: (785) 296-0231  
larry.campbell@ks.gov  
<http://budget.kansas.gov>

GOVERNOR JEFF COLYER, M.D.  
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

April 4, 2018

The Honorable Robert Olson, Chairperson  
Senate Committee on Utilities  
Statehouse, Room 236-E  
Topeka, Kansas 66612

Dear Senator Olson:

**SUBJECT:** Fiscal Note for SB 457 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 457 is respectfully submitted to your committee.

SB 457 would amend existing law concerning establishment of utility rates as regulated by the Kansas Corporation Commission (KCC). The bill would require the KCC, for the purposes of establishing rates, to group customers into classes based on similar load and usage characteristics. Establishment of these rate groups would be a quasi-judicial function, subject to any judicial review on that basis. The agency would be prohibited from granting any preference to or discriminating against any customer or group of customers by increasing rates in excess of their embedded cost of service. Rates established based on beneficial social welfare purposes would be considered preferential rates. With regard to electric rates established for commercial and industrial customers by the KCC, primary consideration must be given to the embedded cost of service incurred by the utility to provide that service. The KCC would be required to adhere to a cost allocation methodology such that fixed costs are recovered from a class based on system utilization by that class. All intervening customers or groups of customers must be treated as equivalent parties with regard to notice, discovery, hearing and briefing rights by the KCC staff and the Citizens' Utility Ratepayer Board. The bill would require a utility that collects energy efficiency charges to fully disclose and itemize those charges on a customer's bill.

The Honorable Robert Olson, Chairperson

April 4, 2018

Page 2—SB 457

According to the Kansas Corporation Commission, enactment of SB 457 would alter ratemaking methods currently used by the KCC, but would not cause an increase or decrease in the agency's current expenditures or revenues; thus, enactment of SB 457 would have no fiscal effect on the agency.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell  
Chief Budget Officer

cc: Jake Fisher, KCC