

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 480

As Recommended by Senate Committee on
Utilities

Brief*

SB 480 amends two statutes in the Retail Electric Suppliers Act that concern retail electric suppliers, the annexation by a city of territory served by such retail suppliers, and the termination of service rights by a city.

The amendments provide, whenever a city proposes to annex land located within the certified territory of a retail electric supplier, the city shall (1) provide notice to the retail electric supplier; (2) negotiate for the issuance of a franchise agreement with the retail electric supplier certified to serve the annexed area; and (3) have the final selection of which supplier receives a franchise to operate within the annexed area. A retail supplier having both a certificate of convenience and a franchise is not required to obtain a new franchise for the annexed area. When selecting a supplier to operate within the annexed area, the city must consider nine factors set out in the amendatory language in the bill. Under the new provisions set out in Section 1 of SB 480 any retail electric supplier aggrieved by the decision made by the city annexing land may, within 30 days after the city's final decision, appeal the decision in the district court in the county in which the annexed area is located. In the event of an appeal, the supplier providing service at the time of annexation is to continue to serve the annexed area until the appeal is concluded. Another amendment changes one of components in the formula for determining the compensation to be paid to the retail supplier when the supplier and the supplier who is newly authorized to provide electric service cannot reach a mutual agreement on the amount of compensation to be paid by the latter. Currently, an amount equal to the gross revenues attributable to the customers in the terminated territory in the 12 months preceding the transfer of service is included

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.accesskansas.org/legislature/>

in computing compensation. The amendments change this to two times the gross amount attributable to customers in the transferred service area. The same change is made in a statute that concerns the termination of the service rights of a retail electric supplier holding a valid franchise when the service rights are terminated and assumed by a city.

Background

SB 480 is the result of direction by the 2001 Special Committee on Utilities to interested parties to meet and resolve concerns expressed by conferees during consideration by the Committee of municipal annexation and electric service territories. A series of meetings were held, and a compromise bill was presented to the Special Committee at its November meeting. The bill was recommended by the Special Committee on Utilities. Conferees appearing in support of the bill represented Kansas Electric Cooperatives, Inc; Kansas Municipal Utilities; and the League of Kansas Municipalities. Written testimony in support of the bill was presented by Westar Energy; Empire District Electric Company; the Kansas Farm Bureau; and the Kansas Cooperative Council. Utilicorp United, Inc., appeared in opposition to the inclusion of three of the factors a city is to include in selecting a retail electric supplier.

No fiscal note is available for SB 480.