

SESSION OF 2004

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 310**

As Amended by Senate Committee on  
Utilities

**Brief\***

SB 310 would require the Kansas Corporation Commission (KCC) ensure that a public utility does not use regulated operations to subsidize nonregulated activities of the utility or to subsidize activities of an affiliated entity. Nothing in the bill would affect any authority of the KCC with regard to any member or consumer owned public utility or to a telecommunication public utility. The KCC would ensure that the nonregulated activities of a public utility or affiliated entity do not materially impair the finances or credit of a public utility. Under the bill, the KCC would have full power and authority to adopt all reasonable and necessary rules and regulations and orders for carrying out the provisions of the bill. The bill would establish definitions for, among things, "affiliate" and "nonregulated activity."

**Background**

This bill was requested by the KCC. At the hearing on the bill, a spokesperson from the KCC stated that the purpose of the bill was to prevent regulated public utilities from using their regulated operations to subsidize their nonregulated operations or to impair the financial integrity or credit worthiness of the public utility, as well as to protect ratepayers from the financial burdens and related risks associated with nonregulated affiliates. A spokesperson representing Kansas Electric Cooperatives, Kansas Electric Power Cooperative, and Sunflower Electric Power Corporation also appeared as a proponent of the bill.

The fiscal note on the original bill indicates that the KCC and the Citizens' Utility Ratepayer Board believe that any fiscal effect generated by the bill could be covered within existing resources.

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\*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.kslegislature.org>

