

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Energy, Utilities and Telecommunications** recommends **HB 2225** as recommended to be passed by the Committee on Energy, Utilities and Telecommunications as reported in the Journal of the House on February 21, 2023, be amended on page 1, following line 8, by inserting:

"Section 1. K.S.A. 66-117 is hereby amended to read as follows: 66-117. (a) Unless the state corporation commission otherwise orders, no common carrier or public utility over which the commission has control shall make effective any changed rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of such public utility or common carrier except by filing the same with the commission at least 30 days prior to the proposed effective date. The commission, for good cause, may allow such changed rate, joint rate, toll, charge or classification or schedule of charges, or rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier to become effective on less than 30 days' notice. If the commission allows a change to become effective on less than 30 days' notice, the effective date of the allowed change shall be the date established in the commission order approving such change, or the date of the order if no effective date is otherwise established. Any such proposed change shall be shown by filing with the state corporation commission a schedule showing the changes, and such changes shall be plainly indicated by proper reference marks in amendments or supplements to existing tariffs, schedules or classifications, or in new issues thereof.

(b) Whenever any common carrier or public utility governed by the provisions of this

act files with the state corporation commission a schedule showing the changes desired to be made and put in force by such public utility or common carrier, the commission either upon complaint or upon its own motion, may give notice and hold a hearing upon such proposed changes. Pending such hearing, the commission may suspend the operation of such schedule and defer the effective date of such change in rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier by delivering to such public utility or common carrier a statement in writing of its reasons for such suspension.

(c) The commission shall not delay the effective date of the proposed change in rate, joint rate, toll, charge or classification or schedule of charges, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, more than 240 days beyond the date the public utility or common carrier filed its application requesting the proposed change. If the commission does not suspend the proposed schedule within 30 days of the date the same is filed by the public utility or common carrier, such proposed schedule shall be deemed approved by the commission and shall take effect on the proposed effective date. If the commission has not issued a final order on the proposed change in any rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, within 240 days after the carrier or utility files its application requesting the proposed change, then the schedule shall be deemed approved by the commission and the proposed change shall be effective immediately, except that:

(1) For purposes of the foregoing provisions regarding the period of time within which the commission shall act on an application, any amendment to an application for a proposed change in any rate, which increases the amount sought by the public utility or common carrier or

substantially alters the facts used as a basis for such requested change of rate, shall, at the option of the commission, be deemed a new application and the 240-day period shall begin again from the date of the filing of the amendment;

(2) if hearings are in process before the commission on a proposed change requested by the public utility or common carrier on the last day of such 240-day period, such period shall be extended to the end of such hearings plus 20 days to allow the commission to prepare and issue its final order; and,

(3) nothing in this subsection shall preclude the public utility or common carrier and the commission from agreeing to a waiver or an extension of the 240-day period.

(d) Except as provided in subsection (c), no change shall be made in any rate, toll, charge, classification or schedule of charges or joint rates, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, without the consent of the commission. Within 30 days after such changes have been authorized by the state corporation commission or become effective as provided in subsection (c), copies of all tariffs, schedules and classifications, and all rules and regulations, except those determined to be confidential under rules and regulations adopted by the commission, shall be filed in every station, office or depot of every such public utility and every common carrier in this state, for public inspection.

(e) Upon a showing by a public utility before the state corporation commission at a public hearing and a finding by the commission that such utility has invested in projects or systems that can be reasonably expected ~~(1)~~ to produce energy from a renewable resource other than nuclear for the use of its customers, ~~(2)~~ to cause the conservation of energy used by its customers; or ~~(3)~~ to bring about the more efficient use of energy by its customers, the commission may allow a return on such investment equal to an increment of from ~~1/2%~~ 0.5% to

2% plus an amount equal to the rate of return fixed for the utility's other investment in property found by the commission to be used or required to be used in its services to the public. The commission may also allow such higher rate of return on investments by a public utility in experimental projects, such as load management devices, which it determines after public hearing to be reasonably designed to cause more efficient utilization of energy and in energy conservation programs or measures which it determines after public hearing provides a reduction in energy usage by its customers in a cost-effective manner.

(f) Whenever, after the effective date of this act, an electric public utility, a natural gas public utility or a combination thereof, files tariffs reflecting a surcharge on the utility's bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes. For purposes of this section, such amounts charged to expense on the books and records of the utility may be estimated once the total property tax payment is known. If found necessary by the commission or the utility, the utility shall file tariffs which reflect the change as a revision to the surcharge. Upon a showing that the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in ad valorem tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility, the commission shall approve such tariffs within 30 days of the filing. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods. The establishment of a surcharge under this section shall not be deemed to be a rate increase for purposes of this act. The net effect of any surcharges established under this section shall be included by the commission in the establishment of base rates in any subsequent rate case filed

by the utility.

(g) Except as to the time limits prescribed in subsection (c), proceedings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(h) In any general rate proceeding of an electric public utility serving more than 20,000 customers conducted pursuant to this section, the electric public utility shall evaluate and include in its application for a rate change an assessment of the following: (1) The regional rate competitiveness of the electric public utility's current and proposed rates; and (2) the impact of the electric public utility's current and proposed rates upon economic development within the state.";

On page 2, in line 24, after the second comma by inserting "the following:

(A)";

Also on page 2, in line 26, by striking "notice" and inserting "notification"; in line 29, after "agency" by inserting "; and

(B) all fees and costs imposed on the electric utility in connection with the operation of wholesale power markets by a regional transmission organization, independent system operator or other entity that is regulated by the federal energy regulatory commission, other federal agency or any successor federal agency";

Also on page 2, in line 30, by striking "Such" and inserting "A"; also in line 30, by striking "shall not include" and inserting "serving more than 20,000 customers in Kansas may recover"; in line 33, by striking "notice" and inserting "notification"; in line 36, after "agency" by inserting ", subject to such utility's compliance with subsections (e) and (f)"; by striking all in lines 37 through 43;

On page 3, by striking all in lines 1 and 2; in line 3, by striking all before the period and

inserting "(e) To recover the costs described in subsection (d)(2) as a component of a transmission delivery charge and to facilitate commissioner and commission-authorized intervenor review, a utility shall make a compliance filing with the commission prior to the time period provided pursuant to subsection (f) for the commission to adjust the return on equity relating to such costs. A compliance filing shall include all the compliance filing details required by this subsection. Such utility shall continue to make annual compliance filings to the commission. Each compliance filing shall provide the following:

(1) For each non-blanket work order transmission project over \$15,000,000, or a different amount deemed necessary by the commission staff in consultation with the filing utility, an itemization of projected transmission spending for the succeeding calendar year and the second succeeding calendar year. The commission may expect a utility to provide more extensive details for transmission projects in the succeeding calendar year than for the second succeeding calendar year, but the utility shall provide as many details as reasonably possible for transmission projects in the second succeeding calendar year;

(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 the project is classified as a new build, rebuild, upgrade or any other appropriate classification;

(F) a description providing the purpose for the project and the anticipated reliability benefits;

(G) a description of the original vintage of the replaced facilities if the project is classified

as a rebuild or upgrade; and

(H) the load additions or economic development benefits accommodated by the project, if any; and

(3) a proposed date and time for:

(A) Representatives of the public utility to conduct a technical conference for the purpose of discussing the details of the compliance filing with commission staff, the citizens utility ratepayer board and other commission-authorized intervenors. Such technical conference shall be held not later than 90 days after the utility filed the compliance filing; and

(B) the commission to hold a public workshop in which representatives of the public utility shall present the details associated with the transmission projects that are anticipated in the succeeding calendar year. The public workshop shall allow for questions and comments from the commission, commission staff and other commission-authorized intervenors. The public workshop shall be held not later than 120 days after the utility filed the compliance filing.

(f) Beginning January 1, 2024, and prior to April 1, 2024, for any utility electing to recover the costs described in subsection (d)(2), the commission shall adjust the return on equity used to determine the revenue requirement of such costs from the federal energy regulatory commission's jurisdictional return on equity to the state corporation commission's authorized return on equity last used to set the utility's base rates in effect at the time of filing the transmission delivery charge update. If a return on equity was not explicitly established during the utility's last general rate case, the commission shall determine an appropriate return on equity from the record of the last general rate case to establish the revenue requirement for such costs. The use of the state corporation commission's authorized return on equity shall not impact any project that was constructed as a result of a notification to construct or similar directive from a regional transmission organization or independent system operator that is regulated by the

federal energy regulatory commission, or any successor agency. In any transmission delivery charge update filing, a utility electing to recover the costs described in subsection (d)(2) shall utilize the state corporation commission's authorized return on equity that was used to set the utility's base rates in effect at the time of the update filing or that was stipulated and approved by the commission for use in the transmission delivery charge if a return on equity was not explicitly set during the last general rate case, to determine the utility's transmission delivery charge update";

Also on page 3, in line 4, after "K.S.A." by inserting "66-117 and"; also in line 4, by striking "is" and inserting "are";

And by renumbering sections accordingly;

On page 1, in the title, in line 4, by striking "excluding" and inserting "authorizing"; in line 5, after "planning" by inserting "under certain circumstances; requiring the commission to adjust the authorized return on equity for such internal or local transmission projects recovered through a transmission delivery charge; requiring public utilities to evaluate the regional rate competitiveness and impact to economic development in rate proceedings"; also in line 5, after "K.S.A." by inserting "66-117 and"; in line 6, by striking "section" and inserting "sections"; and the bill be passed as amended.

Chairperson