

Before the Senate Utilities Committee
Comments of Tom Day, Legislative Liaison
Kansas Corporation Commission
Senate Bill 419
February 15, 2012

Chairman Apple and members of the committee, thank you for the opportunity to provide written comments on Senate Bill 419. The Commission is taking a neutral position on SB 419, and wishes to convey to the committee the concerns in the language, as introduced.

Senate Bill 419 requires the Commission to determine the annual statewide retail rate impact for the affected public utilities to meet the renewable energy portfolio standards found in KSA 66-1258. The bill requires the KCC to submit a report on or before March 1 of each year beginning in 2013 to the Governor, the Senate Committee on Utilities and the House Energy and Utilities committee. Section b states that a utility may submit information on behalf of the purchasing utility. This language will lower the number of utilities submitting information if Sunflower and KEPCo can report for their member distribution cooperatives.

The Commission has concerns, which can be overcome, to make the report to the legislative committees an apples-to-apples comparison from one company to another. In most of the company's revenue requirements the purchase power agreements (PPA) flows through the energy cost adjustment (ECA) not through the revenue requirement. There may be other externalities that would affect the outcome of the report as well. The Commission's economics staff spent hundreds of hours and 434 pages trying to get a good handle on the cost of wind about 4-5 years ago. The compiling of information and creation of this report will not be an easy process, unless there is full cooperation by the utility companies. Some information that will be submitted by the companies will be confidential, which the commission will not be able to disclose in the report, thereby giving this legislature only aggregate retail rate information.

The KCC is aware of a pending amendment to Senate Bill 419 which will allow the agency to promulgate rules and regulations or issue an order setting out the parameters for the information required to fulfill the amendments to KSA 66-1260. This amendment will certainly assist the Commission to develop the determination of the annual statewide retail rate impact.

Thank you for the opportunity to address the committee and I will stand for questions at the appropriate time.