

HOUSE BILL No. 2512

By Committee on Energy and Utilities

1-24

1 AN ACT concerning natural gas public utilities; charging of interim rates;
2 amending K.S.A. 66-117 and repealing the existing section.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

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

25 (b) Whenever any common carrier or public utility governed by the
26 provisions of this act files with the state corporation commission a
27 schedule showing the changes desired to be made and put in force by such
28 public utility or common carrier, the commission either upon complaint or
29 upon its own motion, may give notice and hold a hearing upon such
30 proposed changes. Pending such hearing, the commission may suspend the
31 operation of such schedule and defer the effective date of such change in
32 rate, joint rate, toll, charge or classification or schedule of charges, or any
33 rule or regulation or practice pertaining to the service or rates of any such
34 public utility or common carrier by delivering to such public utility or
35 common carrier a statement in writing of its reasons for such suspension.

36 (c) The commission shall not delay the effective date of the proposed

1 change in rate, joint rate, toll, charge or classification or schedule of
2 charges, or in any rule or regulation or practice pertaining to the service or
3 rates of any such public utility or common carrier, more than 240 days
4 beyond the date the public utility or common carrier filed its application
5 requesting the proposed change. If the commission does not suspend the
6 proposed schedule within 30 days of the date the same is filed by the
7 public utility or common carrier, such proposed schedule shall be deemed
8 approved by the commission and shall take effect on the proposed
9 effective date. If the commission has not issued a final order on the
10 proposed change in any rate, joint rate, toll, charge or classification or
11 schedule of charges, or any rule or regulation or practice pertaining to the
12 service or rates of any such public utility or common carrier, within 240
13 days after the carrier or utility files its application requesting the proposed
14 change, then the schedule shall be deemed approved by the commission
15 and the proposed change shall be effective immediately, except that: (1)
16 For purposes of the foregoing provisions regarding the period of time
17 within which the commission shall act on an application, any amendment
18 to an application for a proposed change in any rate, which increases the
19 amount sought by the public utility or common carrier or substantially
20 alters the facts used as a basis for such requested change of rate, shall, at
21 the option of the commission, be deemed a new application and the 240-
22 day period shall begin again from the date of the filing of the
23 amendment ;; (2) if hearings are in process before the commission on a
24 proposed change requested by the public utility or common carrier on the
25 last day of such 240-day period, such period shall be extended to the end
26 of such hearings plus 20 days to allow the commission to prepare and issue
27 its final order; ; and; (3) nothing in this subsection shall preclude the
28 public utility or common carrier and the commission from agreeing to a
29 waiver or an extension of the 240-day period.

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

41 (e) Upon a showing by a public utility before the state corporation
42 commission at a public hearing and a finding by the commission that such
43 utility has invested in projects or systems that can be reasonably expected:

1 (1) To produce energy from a renewable resource other than nuclear for
2 the use of its customers; ; (2) to cause the conservation of energy used by
3 its customers; ; or (3) to bring about the more efficient use of energy by its
4 customers, the commission may allow a return on such investment equal to
5 an increment of from ~~1/2~~ 1/2% to 2% plus an amount equal to the rate of
6 return fixed for the utility's other investment in property found by the
7 commission to be used or required to be used in its services to the public.
8 The commission may also allow such higher rate of return on investments
9 by a public utility in experimental projects, such as load management
10 devices, which it determines after public hearing to be reasonably designed
11 to cause more efficient utilization of energy and in energy conservation
12 programs or measures which it determines after public hearing provides a
13 reduction in energy usage by its customers in a cost-effective manner.

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

37 (g) *A natural gas public utility may elect to place into effect*
38 *temporary rates, charges, or schedules of charges, without commission*
39 *review 30 days after making its filing with the commission. If the utility*
40 *elects to place such changed rates, charges or schedules of charges,*
41 *pertaining to service or rates of such natural gas public utility in effect*
42 *without commission review, the utility shall file with the commission a*
43 *suspending bond or other satisfactory guaranty or surety. The amount of*

1 *the suspending bond or other satisfactory guaranty or surety shall be in an*
2 *amount not to exceed the difference between the annual revenues derived*
3 *from the proposed increase in rates or charges and the annual revenues*
4 *derived from the existing rates or charges. The suspending bond or other*
5 *satisfactory guaranty or surety shall be approved by the commission and*
6 *conditioned upon the refund of an amount equal to the difference between*
7 *the actual revenues received under the temporary rates or charges and the*
8 *revenues that would have been received under the existing rates or*
9 *charges, plus interest on that amount at the rate stated in K.S.A. 16-204,*
10 *and amendments thereto, and in a manner prescribed by the commission.*
11 *At the conclusion of the proceeding, if the increase reflected by the*
12 *temporary rates or charges implemented under this section exceed the*
13 *final rates or charges ordered by the commission, the difference between*
14 *the revenues derived from the temporary increase in rates or charges and*
15 *the final rates or charges shall be refunded to customers, including*
16 *interest at the rate stated in K.S.A. 16-204, and amendments thereto, in a*
17 *manner prescribed by the commission, provided that all refunds not*
18 *claimed within one year of the date of the distribution of the refund*
19 *amount shall be paid into the state treasury and credited to the state*
20 *general fund.*

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

24 Sec. 2. K.S.A. 66-117 is hereby repealed.

25 Sec. 3. This act shall take effect and be in force from and after its
26 publication in the statute book.

27