

Testimony on HB 2084
March 1, 2005
Senate Utilities Committee

Mr. Chairman, Members of the Committee: Conservation of natural resources has become a key part of American political and public policies. We see recycling bins at Wal-Mart, Dillons accepts aluminum cans, even the Kansas State Capitol has blue recycling baskets for white paper. Conserving energy is emphasized by the SEER efficiency ratings on furnaces, heat pumps, and air conditioners. The federal government's Star rating system for large appliances emphasizes energy efficiency/conservation.

Kansas utilities have previously been encouraged to support customer energy efficiency and management programs. Generally, those programs have not been very successful because only the customer benefitted – the utility might recover its investment, but lost “opportunities” to earn on those dollars invested. State-sponsored energy efficiency programs understandably have not been well funded with tax money.

HB 2084 attempts to “marry” two concepts – energy efficiency/conservation is desirable because it saves precious resources while helping customers reduce their energy bills and there must be money available to compensate the utilities for their efforts.

The bill directs the Corporation Commission to authorize electric and natural gas utilities to recover their investments in energy conservation programs for their residential customers and commercial customers and have the opportunity to earn their authorized rate of return on those investments.

The bill specifically encourages utilities to work with landlords on energy conservation measures to reduce uncollectible bills due by tenants. The bill requires the Corporation Commission and utilities to develop means to measure energy savings and places responsibility and consequences for wasting energy on customers.

The House Committee amended the rate of return earnings potential for utility company investments on behalf of their residential and commercial customers. However, we neglected to make a similar change in the section addressing industrial customers. On behalf of the House Utilities Committee, I suggest that the rate-of-return language should be consistent throughout the bill.

This bill is far from perfect and I encourage you to think creatively about how to improve it. But, it represents an attempt to capture the values of capitalism – the ability to earn a return on investments – with social responsibility – helping customers reduce their utility bills and save natural resources. A successful program will extend the life of the Hugoton Natural Gas Field and reduce the need for the importation of fuels.

Thank you Mr. Chairman. I will respond to questions at the appropriate time.