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MEMORANDUM

To: House Committee on Energy, Utilities and Telecommunications

From: Office of Revisor of Statutes

Date: February 4, 2025

Subject: House Bill 2032 – As Introduced

House bill 2032 would authorize the Kansas corporation commission (KCC) to order an increase or decrease to an electric public utility's return on equity (ROE) depending on whether the electric rates of such utility increased or decreased during the preceding calendar year. For utility ratemaking purposes, generally, the ROE is the amount that is determined to be an appropriate return on investment for the utility's shareholders.

If an electric public utility presents evidence that the utility's all-in average retail rate has not increased by more than 1% during the preceding calendar year, HB 2032 would authorize the KCC to order an increase to such utility's ROE in an amount up to 0.5% above the utility's current ROE for the next 12 months. HB 2032 would require the KCC to hold a public hearing on such matter prior to issuing any such order.

If the KCC finds that an electric public utility's all-in average retail rate has increased more than 1% during the preceding calendar year, HB 2032 would authorize the KCC to order a decrease to such utility's ROE in an amount up to 0.5% below the utility's current ROE for the next 12 months.

HB 2032 defines "all-in average retail rate" to mean the total cost of electricity a retail customer pays per kilowatt-hour and includes all charges, fees, taxes surcharges and customer charges.