

SESSION OF 2007

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2033

As Amended by Senate Committee of the Whole

Brief*

HB 2033, as amended, would require the Kansas Corporation Commission (KCC) to include certain property that has not been placed in service in the utility's value for rate making purposes. Under the bill, the KCC may, on its own initiative or as part of a utility rate proceeding, review whether a public utility's expenditures for property were efficiently and prudently incurred.

The bill also would repeal the 100 megawatt limit on renewable generation facilities deemed to be dedicated to commercial service for ratemaking purposes. In addition, the bill would allow costs of construction work in progress for all property related to an electrical generation facility producing energy from renewable sources to be included in the utility's value for ratemaking purposes.

Background

The bill was introduced by the House Committee on Energy and Utilities.

Under current law, the KCC has discretion to include in its rate making decisions property that has not been completed and placed in service. Such property is sometimes referred to as construction work in progress (CWIP).

At the House Committee hearing, a representative of

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Westar testified as a proponent of HB 2033. Written testimony was submitted by Kansas City Power & Light in support of the bill. Opponents included representatives of the Kansas Corporation Commission, the Kansas Chapter of the Sierra Club, and the Citizens' Utility Ratepayers Board.

The House Committee on Energy and Utilities amended the bill to allow the KCC to determine whether property expenditures were efficient and prudent.

The Senate Committee on Utilities amended the bill to make all facilities using renewable resources eligible for construction work in progress ratemaking treatment. The Committee also amended the bill to provide that all electrical generation facilities which produce electricity from renewable sources could be included as construction work in progress in the utility's value for ratemaking purposes.

The Senate Committee of the Whole amendment corrects internal cross references in the statute.

The fiscal note indicates that passage of HB 2033 would have no fiscal effect on KCC and CURB operations. The enactment of HB 2033 would result in current ratepayers subsidizing the cost of energy for future ratepayers by paying for construction that is still in progress.