

SESSION OF 2008

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 555**

As Amended by House Committee on  
Energy and Utilities

**Brief\***

SB 555, as amended, would require water utilities under the jurisdiction of the Kansas Corporation Commission (KCC) which apply for an increase in rates due to capital improvements, rate of return, or cost of service to provide notice of the proposed increase by means of a bill insert or message in customers' ensuing monthly bill following the application. This insert also could be mailed separately. The notice would have to include a comparison of current and proposed rates and a description of the cost increase for a typical customer, would have to be in boldface type no smaller than 8-point type, and would have to include a contact number the customer could call to receive additional information, as well as a website address for the KCC. The notice would contain information about how a customer may intervene at the KCC's rate hearing.

**Background**

The bill was introduced at the request of Senator Pine, who discussed the history of the bill. Three customers of a water utility which recently was approved for a major rate increase testified in support of the bill at the Senate Committee hearing. A representative of the Citizens' Utility Ratepayer Board (CURB) testified as a neutral party.

The Senate Committee assigned a subcommittee to clarify issues raised during the hearing on the bill, and subsequently

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\*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>

adopted a balloon amendment proposed by the subcommittee. The adopted amendment deleted references in the introduced version of the bill to electric, gas and telephone utilities. It included the requirement that a website address for the KCC be placed on the bill insert notifying the customer of the proposed major rate increase, that CURB notify the KCC whether it intends to intervene in the rate case, and that the KCC post on its website whether CURB intends to intervene. The adopted amendment also provided a definition of “major increase in rates or charges.”

At the House Committee on Energy and Utilities hearing on the bill, Senator Pine provided background information on the bill. Neutral written testimony was submitted by CURB, and written testimony suggesting amendments was submitted by John Flower.

The House Committee amended the bill to require that the increase in water utilities’ rates that would trigger the notification requirement be due to capital improvements, rate of return, or cost of service. The Committee also made amendments to clarify the provisions requiring customers to be notified by mail. The Committee deleted provisions requiring the KCC to report to CURB regarding any application it receives from a water utility for a major increase in rates. It also deleted provisions requiring CURB to notify the KCC and the water utility regarding its intentions to intervene. Finally, the Committee deleted a provision that defined “major increase in rates or changes.”

The fiscal note prepared by the Division of the Budget on the introduced version of the bill indicates passage of the bill would have no effect on the state budget.