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MEMORANDUM

To: Senate Committee on Utilities
From: Nick Myers, Office of Revisor of Statutes
Date: February 15, 2024
Subject: Bill Brief – Senate Bill 456

Senate Bill 456 would amend K.S.A. 66-1239 which authorizes a public utility to seek a predetermination of ratemaking principles and treatment from the state corporation commission prior to undertaking construction of or acquiring a stake in an electric transmission facility or generation facility.

SB 456 would establish a rebuttable presumption against the abandonment or retirement of a fossil fuel-fired electric generating unit when a utility seeks a predetermination of ratemaking principles with respect to such unit. SB 456 would prohibit the commission from approving the retirement or decommissioning of the unit or authorizing any stranded asset recovery for such unit unless the presumption is rebutted by sufficient evidence to show that:

- The unit will be replaced with new electric generating capacity that is dispatchable, maintains or improves the reliability and resilience of the electric grid, and maintains the minimum reserve capacity requirement established by the southwest power pool;
- The abandonment or retirement will not harm the utility’s ratepayers or decrease the utility’s regional rate competitiveness;
- The abandonment or retirement is for economic purposes and for the benefit of ratepayers and not solely for the purpose of achieving environmental, social or governmental goals, laws, or rules or regulations; and
- Cost savings to customers will occur as a result of the abandonment or retirement.

SB 456 would also require the state corporation commission to prepare and submit an annual report to the legislature that provides a summary of:

- The number of utility requests to retire electric generating units, the nameplate capacity of such units, and whether the commission approved or denied such request.
- The impact of any commission-approved retirement on the utility's generation fuel mix, capacity reserve margins and needs for additional capacity additions or arrangements.
- Whether the retirement resulted in stranded costs that will be recovered through ratepayers.

SB 456 would also increase the time with which the commission has to issue an order setting forth the commission's determination of ratemaking principles and treatment in any such predetermination proceeding to 240 days. Currently, the commission is required to issue an order setting forth such ratemaking principles and treatment within 180 days of the date that the utility's petition is filed.