

SESSION OF 2026

SUPPLEMENTAL NOTE ON SENATE BILL NO. 348

As Amended by Senate Committee on Utilities

Brief*

SB 348, as amended, would exempt any electric public utility that is a not-for-profit, wholly owned subsidiary of an electric cooperative public utility (electric public utility) from the jurisdiction, regulation, supervision, and control of the Kansas Corporation Commission (KCC).

The bill would also authorize the KCC to investigate any changes to the electric rates, joint rates, tolls, charges and exactions, and classifications and schedules of rates (rates) affecting an exempt electric public utility following a petition filed by customers of the exempt electric public utility to investigate such rates.

The bill would be in effect upon publication in the *Kansas Register*.

Customer-requested Rate Review

The bill would provide that customers of an exempt electric public utility who seek KCC review of rates may file a petition signed by no less than 5 percent of the customers of such utility or 3 percent of the customers from any one rate class. The bill would require the petition to be filed not more than one year after a change in such utility's rates.

The bill would provide that any customer of the exempt electric public utility who seeks to petition the KCC could request from such utility the names, addresses, and rate

*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 <https://klrd.gov/>

classifications of all of the utility's customers or the utility's customers from any one or more rate classes. The bill would require such exempt utility to provide the petitioning customer with the requested names, addresses, and rate classifications within 21 days after receipt of the request.

Rate Review Meeting Notification

The bill would require an exempt electric public utility to provide no less than 10 days' notice to all retail customers of any meeting time and location that would be held by that utility or the utility's parent cooperative pertaining to the utility's rates.

Investigation Findings

The bill would authorize the KCC, upon finding rates to be unjust, unreasonable, unjustly discriminatory, or unduly preferential, to fix and order substitutions to such rates. The bill would require such rates under investigation to remain in effect subject to change or refund pending the KCC's investigation and final order.

Customer-requested Exemption Termination Proposal

The bill would provide that customers of an exempt electric public utility may elect to terminate such utility's exemption by filing a petition requesting an election to terminate the utility's exemption. The bill would require such petition be signed by no less than 10 percent of the customers of such exempt utility and filed with the Board of Trustees of the utility's parent cooperative.

Exemption Termination Meeting and Notification

The bill would require notice of the proposition to terminate the utility's exemption be presented to a meeting of

the members of the parent cooperative and require the meeting be open to the customers of the exempt utility and held at a location in the service territory of the exempt utility.

The bill would require the parent cooperative to provide written notice to the members of the parent cooperative and the customers of such exempt utility no less than 21 days and no more than 45 days before the date of the meeting. The bill would also require the written notice include the proposition to terminate such utility's exemption and the time and location of the meeting.

Exemption Termination Proposal Voting Requirements

The bill would require voting on the proposition to terminate the utility's exemption to be by mail ballot and would require that an election not be held more than once every two years.

Exemption Termination Proposal Approval

The bill would provide that should the proposition to terminate the utility's exemption be approved by the affirmative vote of not less than a majority of the customers of such exempt utility voting on the proposition, the parent cooperative would be required to notify the KCC in writing of the results within 10 days after the date of the election.

Schedule of Rates and Penalties

The bill would require an exempt electric public utility to maintain a schedule of rates and charges at the utility's headquarters and make copies of such schedule available to the general public during regular business hours. Should an electric public utility fail, neglect, or refuse to maintain copies of a schedule of rates, the bill would authorize the KCC to impose a civil penalty of not more than \$500 for each violation.

Renewable Energy Standards Act

The bill would require an exempt electric public utility be subject to the provisions of the Renewable Energy Standards Act.

KCC Approval and Authority

The bill would prohibit exempt electric public utilities from issuing any form of payment that is meant to transfer the equity of the exempt electric public utility unless otherwise approved by the KCC. Additionally, the KCC would also retain authority over such utility regarding:

- Service territory;
- Certificates of public convenience;
- Local transmission charges;
- Sales of power for resale except for sales between such utility and the generation and transmission cooperative that is partly owned by the utility's parent electric cooperative;
- Wire stringing; and
- Transmission line siting.

Background

The bill was introduced by the Senate Committee on Utilities at the request of Senator Clifford.

Senate Committee on Utilities

In the Senate Committee hearing, **proponent** testimony was provided by two representatives of Southern Pioneer

Electric Company and one representative of the National Beef Packing Company. The proponents indicated the bill would allow not-for-profit, wholly owned subsidiaries of electric cooperative public utilities to self-regulate, which would reduce regulatory expenses that are then paid by customers through higher utility rates. The proponents also expressed that the bill would allow these not-for-profit, wholly owned subsidiaries of electric cooperative public utilities the flexibility to respond to customer needs and offer special services.

Neutral testimony was provided by representatives of the KCC and the Citizens' Utility Ratepayer Board (CURB). The representatives explained the bill would allow not-for-profit, wholly owned subsidiaries of electric cooperative public utilities to self-regulate in a similar fashion as cooperative utilities in Kansas. The conferees expressed concerns regarding a utility's unique type of formula-based ratemaking system, customer voting, and KCC regulation "opt in" options.

No other testimony was provided.

The Senate Committee amended the bill to:

- Include provisions for customers of exempt electric cooperative public utilities to opt back in to KCC rate regulations through a petition process.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the KCC and CURB indicate that enactment of the bill would not have a fiscal effect on operations.

Additionally, the League of Kansas Municipalities indicates enactment of the bill would increase expenditures for municipalities to provide new information regarding utility rates, but a precise fiscal effect cannot be estimated. The

Kansas Association of Counties indicate the enactment of the bill would have no fiscal effect on operations.

Electric public utility; Kansas Corporation Commission; cooperatives; subsidiary; exemption; rates