

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE H.B. 2765

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 20, 2008

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2765. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

CURB supports the concept of investigating the generation and transmission needs of Kansas utilities as a group (perhaps including the unregulated cooperatives and municipal utilities) to gauge the interest and explore the possibility that by combining load requirements more efficient generation, pollution control technologies and transmission resources could be financed and built. Increasing the scope and scale of generation and transmission projects could decrease the risk for participants, increase the financing potential and potentially lower the cost for the utility's consumers. This result is not guaranteed, but exploring the potential is not an unreasonable idea. Many existing utility plants in Kansas have joint owners for this very reason.

However, HB 2765 goes much farther than exploring this possibility. HB 2765 mandates this result to the exclusion of any other result. HB 2765 requires the Kansas electric suppliers "shall" provide forecasts through 2030 and that the state corporation commission "shall" aggregate these anticipated energy needs and "shall" issue a request for proposals for the appropriate amounts of electricity. Types of appropriate generation resources are dictated in the bill, along with a set-aside for renewable generation resources. Responses to the request for proposal are evaluated by the commission and the retail electric suppliers as a group, and a consensus-based selection "shall" be made based on a certain factors listed in the bill. The bill also requires the commission "shall" review the responses and approve the electric generating plant siting and necessary transmission siting so that all Kansans will benefit from the available electricity generation and transmission. Ownership, and presumably costs, "shall" be based on a formula developed by the commission. In short, this bill mandates that the state corporation commission will be the generation, pollution control, renewable energy and transmission procurement agent for every Kansas electric supplier, deciding the resource mix and allocating the costs of the resources among those utilities as one aggregate entity.

While certain of the ideas within HB 2765 have merit and the pooling of needs should be investigated to see if there are possible consumer benefits, CURB cannot support the sweeping mandate set forth in HB 2765 as written.