

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES AND TELECOMMUNICATIONS COMMITTEE H.B. 2460

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 12, 2014

Chairman Seiwert and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2460. The Citizens' Utility Ratepayer Board (CURB) is neutral about the intent of this bill at this time. However, while CURB is neutral on the bill, CURB is concerned that the bill is not drafted in a manner that should be passed out of committee at this time.

As a general statement, CURB is interested in learning more about whether retail wheeling and/or other forms of generation competition can help lower consumer bills. Retail wheeling was last studied in Kansas in the 1990's. And with the Southwest Power Pool generation market starting in March, CURB believes the state should revisit the questions that surround generation competition.

As drafted, H.B. 2460 represents an unprecedented change in the current utility structure in Kansas. Any corporation, company or individual can become a renewable energy supplier, and anyone who uses 1000 kilowatt hours a month, which is about average for a residential customer, can become a renewable energy customer. As written, small residential neighbors could now trade power, Wal-Mart or Kroger could put solar panels on its roof and sell to residential customers in the neighborhood or Wal-Mart could buy industrial scale wind from western Kansas and force every utility in the state to deliver the power to every Wal-Mart store in the state. With study, we may determine this bill is a good idea, but these are sweeping changes to be made after a few minutes of committee testimony.

The bill also requires the state corporation commission to establish appropriate tariffs for the delivery of electricity from the renewable supplier to the renewable customer. While this may sound easy, it will involve a fairly complicated proceeding at the commission to deconstruct the current utility tariffs, assign costs to the appropriate subcomponents of the new tariffs and create new rate designs for these new subcomponent tariffs. This proceeding will take time, and may not be completed within the 180 day timeframe contemplated in the bill.

If the Committee passes this bill, CURB does recommend the following changes.

- Page 1, line 14, change "one megawatt hour" to "100 megawatt hours"
- Page 1, line 30, change "Any Electric Customer" to "Any Renewable Energy Customer"
- Page 3, section (d), lines 3-21. Delete this section. This section is unrelated to the bill and appears to grant broad cost recovery provisions for a number of unrelated utility activities.

CURB is neutral on the bill and supports gathering more information about generation competition, but urges the Committee to not pass H.B. 2460 as drafted at this time.