

# Citizens' Utility Ratepayer Board

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## CONSUMER ALERT PRESS RELEASE

### **Natural gas utilities want interim rates: customers would be forced to pay increases sooner**

TOPEKA, Kansas, January 26, 2012. The Citizen's Utility Ratepayer Board today issued the following consumer alert concerning **House Bill 2512**:

Proposed by the state's natural gas utilities, House Bill 2512, if passed, will allow natural gas utilities to collect increases from customers before the Kansas Corporation Commission (KCC) has approved the requested increase. A hearing on the bill will be heard in the Kansas House Committee on Energy and Utilities on Monday January 30, 2011.

If passed, HB 2512 will substantially change current law governing when a utility may increase rates. Under current Kansas law (K.S.A. 66-117), once a utility files a request to increase its rates, the Kansas Corporation Commission (KCC) has up to 240 days to review the request and issue a decision. The utility cannot increase rates until the KCC has issued its decision, and only by the amount approved by the KCC.

Instead, under House Bill 2512, a natural gas utility would be allowed to charge interim rates. The utility would begin charging customers the full amount of its requested rate increase starting 30 days after the utility files its request with the KCC. If the KCC approves a smaller increase than the utility requested, the utility must refund to customers the difference between the amount it collected at the full rate and the amount of the rate that the KCC approves in its order.

This proposal negatively impacts customers in two main ways:

- Interim rates are like a loan to the utility. Utility customers are, in essence, forced to lend money to the utility during the 240-day rate case by paying higher rates. Only after the KCC issues its decision will customers get refunds (with interest) if they have been forced to overpay. There is no provision in the bill to protect customers from being forced to make this loan to the utilities, and nothing to prevent the utilities from making unreasonably high increase requests.
- More importantly, after the KCC issues its decision, the utility only refunds back to customers the difference between the rate it has been charging during the review period and the amount it would have collected if it had been charging the KCC-approved rate during the review period. The result is that customers will have paid the final KCC-approved increase during the entire review period. Under current law, customers do not

pay any increase during the review period. In essence, this bill would allow the utilities to collect an increase from customers for 200-some days without KCC approval.

“I’m astounded that the utilities would propose this law,” said David Springe, Consumer Counsel for CURB. “During the most difficult economic conditions in decades, the gas utilities want customers to loan them money during a rate case? This is unconscionable.”

Kansas law has always required a utility to prove to the KCC that it needs to increase rates before the increase can be charged to customers. “This law turns that process on its head,” said Springe. “Customers will be forced to pay the full requested increase with no KCC oversight of the amount. If the utility has asked for too large an increase, only after the KCC issues its decision will customers get a refund. Since the KCC rarely grants a utility its entire requested increase, customers will always be in the position of loaning the utility money and then waiting for their refunds.”

“Worse yet, said Springe, “customers will start paying the approved increase some-200 days sooner than they would under current law. Today, until the KCC puts its stamp of approval on an increase, a utility can’t raise rates at all. This interim rates proposal would fundamentally rewrite Kansas utility law in favor of the gas utilities.”

“And make no mistake,” added Springe, “if the gas utilities get interim rates, the electric utilities will want them, too. If the electric utilities could charge interim rates, Westar would be charging customers \$90.8 million more in rates today while the KCC reviews Westar’s rate current rate case,” said Springe.

The Citizens’ Utility Ratepayer Board is alerting natural gas utility customers about this interim rate bill and requests that they ask their legislators to stop House Bill 2512 from becoming law. Legislators should support the current Kansas law which requires a utility to prove that it needs a rate increase before it can charge higher rates to customers.

Find your legislator here: [http://www.kslegislature.org/li/b2011\\_12/members/](http://www.kslegislature.org/li/b2011_12/members/)

Kansas House Energy and Utilities Committee here:  
[http://www.kslegislature.org/li/b2011\\_12/committees/ctte\\_h\\_engy\\_utls\\_1/](http://www.kslegislature.org/li/b2011_12/committees/ctte_h_engy_utls_1/)

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