


Citizens' Utility Ratepayer Board		
Board Members: Gene Merry, Chair A.W. Dirks, Vice-Chair Francis X. Thorne, Member Nancy Wilkens, Member Carol I. Faucher, Member David Springe, Consumer Counsel	 State of Kansas <i>Kathleen Sebelius, Governor</i>	1500 S.W. Arrowhead Road Topeka, Kansas 66604-4027 Phone: (785) 271-3200 Fax: (785) 271-3116 http://curb.kcc.state.ks.us/

HOUSE UTILITIES COMMITTEE

H.B. 2048

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 9, 2005

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2048. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

While CURB is generally supportive of renewable energy resources, CURB does not support, at this time, a mandate that will require utilities in Kansas to provide a set level of energy from renewable resources. CURB believes that more analysis is needed to understand the complexities of operating renewable resources in a utility system, the true costs of renewable resources and the impacts on consumer rates of supplying energy from renewable resources. A mandate requiring renewable resources to be utilized, regardless of our understanding of these complexities, is premature. CURB is also concerned that this bill may increase the electric costs for the state government, and thereby, increase costs to the public for government services.

With regard to this specific bill, if the legislature decides that for policy reasons, the power supplied to a state agency must come from the percentage of renewable resources listed in the bill, certain clarifications should be made to the bill.

First, utilities should be allowed to make a reasonable estimate of their state agency load on an aggregate basis. Utilities should only be mandated to supply the stated percentages of renewable energy on this estimated state agency load, and not on the entire system load.

Second, the bill at 23 states that "the electricity shall be provided at the provider's standard rates for electric service". CURB is concerned that this language seems to indicate an intention to require utility customers other than the state agencies that are the issue of this bill to pay for the cost of the renewable resources mandated in this bill. "Standard rates for electric service" can be interpreted as meaning the cost of renewable energy will become a cost component of all rates set by the Kansas Corporation Commission. This language removes the flexibility of the Kansas Corporation Commission, CURB, the utilities, or other parties to suggest alternative cost recovery mechanisms for the cost of renewable resources, and may simply serve to increase all consumers utility rates.

For example, CURB would suggest that a better cost recovery policy might be to require the creation of a renewable generation rate, separate and distinct from standard retail rates. This would serve two purposes: 1) to isolate the costs of the mandate in this

bill to the state agencies to which this bill is directed, and 2) it would form the basis of a voluntary rate that consumers could also potentially sign up for, and receive renewable energy service. This voluntary rate, offered to consumers, would also provide a gauge of the public's demand for, and willingness to pay for, renewable energy services. The language in the bill currently would preclude these other cost recovery and rate design proposals.

Section 1(c), should be deleted. The state agency and utility provider should not become subject to civil fines pursuant to this act.

Section 1(d) may need to be clarified to set forth exactly what "funded solely by user fees" means. For example, CURB is fee funded through assessments to utility companies, which are then passed to consumers in utility rates. A more clear statement of who this applies to may be helpful.