

# Citizens' Utility Ratepayer Board

## Board Members:

Gene Merry, Chair  
Randy Brown, Vice-Chair  
Carol I. Faucher, Member  
Laura L. McClure, Member  
A.W. Dirks, Member



**State of Kansas**

*Kathleen Sebelius, Governor*

David Springe, Consumer Counsel  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
Phone: (785) 271-3200  
Fax: (785) 271-3116  
<http://curb.kansas.gov>

## HOUSE UTILITIES COMMITTEE H.B. 2020

Testimony on Behalf of the Citizens' Utility Ratepayer Board  
By David Springe, Consumer Counsel  
January 29, 2009

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2020. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

HB 2020 creates a requirement that every utility that provides retail electric service in Kansas must enter into a contract for generation service with the operator of any new "renewable generation unit" who is a customer of that utility. A renewable generation unit can be up to 5 MW in size and must be owner by one or more Kansas residents. The price the renewable generator receives for providing power is set in the bill and based percentage of utility's residential retail rates.

A 5 megawatt generator is far larger than a standard residential sized renewable generator. As such, basing the compensation to be paid to the renewable generator on a percentage of residential retail rates is arbitrary. Retail residential rates recover both the fixed cost of providing utility service (generation plant, transmission, distribution, expenses of running the utility, return on capital, taxes) and the variable cost of fuel. There is no rational reason to tie payments to renewable generators to the internal transmission, distribution, return or taxes of a utility system. This arbitrary payment schedule may force utility rates higher in an environment where utility rates are already increasing substantially.

Further, retail residential rates are not uniform across all utilities. This bill creates an incentive for a person that wishes to put up a new renewable generation unit find the utility system with the highest retail residential rate, where they can get the highest payment schedule. And there does not appear to be a cap on either the number of new renewable generation units that the utility is required connect to the system, or the percentage of peak demand that these generators can represent. Again, with no limits in this law, rates could be forced higher for customer already facing high rates.

Thanks you.