

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE S.B. 224

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 21-23, 2011

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on S.B. 224. The Citizens' Utility Ratepayer Board supports this bill for the following reasons:

SB 224 amends the existing gas safety and reliability surcharge (GSRS) law, K.S.A. 66-2201 *et seq.* The GSRS allows natural gas distribution utilities in Kansas the opportunity to create a line item charge on customer bills to begin rate recovery of capital spent on certain types of projects as set forth in the GSRS law. The natural gas utility can update the line item charge each year, with a 40 cent per month limit each year for residential customers. As originally passed, the GSRS law requires a natural gas distribution utility with a GSRS charge on customer bills to come before the state corporation commission at least every 60 months for a full rate review.

CURB opposed the implementation of the GSRS law when it was originally passed. Traditional ratemaking practice does not favor this type of capital recovery scheme between full rate case reviews. That said, the GSRS is the law in Kansas and CURB does participate in the cases creating the line item charge and updating the annual charge for current year expenditures.

SB 224 allows a natural gas utility with a GSRS to file a motion with the state corporation commission requesting a 12 month extension to the 60 month rate case review requirement. Effectively, if SB 224 is passed, the utility can avoid a full rate case review for a total of 72 months. CURB worked with the natural gas utilities on the language contained in SB 224. Of importance to CURB is that the extension be no more than 12 months, that the utility must file a motion asking for the extension, allowing CURB the opportunity to object if CURB believes the extension is unwarranted, and maintaining the 40 cent cap on GSRS annual increases for residential customers. As drafted, SB 224 meets these important objectives and CURB does not therefore object to providing an opportunity for a 12 month extension in the rate case filing requirement of the GSRS law.

CURB supports passage of SB 224 as currently drafted.