AN ACT concerning utilities; relating to electric utilities; recovery of transmission-related costs; amending K.S.A. 66-1237 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 66-1237 is hereby amended to read as follows: 66-1237. (a) Any electric utility subject to the regulation of the state corporation commission pursuant to K.S.A. 66-101, and amendments thereto, may seek to recover costs associated with transmission of electric power, in a manner consistent with the determination of transmission-related costs from an order of a regulatory authority having legal jurisdiction, through a separate transmission delivery charge included in customers' bills. The electric utility's initial transmission delivery charge resulting from this section may be determined by the commission either from transmission-related costs approved in the electric utility's most recent retail rate filing or in an order establishing rates in response to a general retail rate application by an electric utility.

(b) If an electric utility elects to recover its transmission-related costs through a transmission delivery charge, such electric utility shall have the right to implement a transmission delivery charge through an application to the commission.

(1) If an electric utility proposes to establish its initial transmission delivery charge other than in connection with an application to the commission that proposes a general retail rate change the commission shall, effective the same date as the effective date of the initial transmission delivery charge, unbundle the electric utility's retail rates in such a manner that the sum of the revenue to be recovered from the initial transmission delivery charge and the non-transmission-related retail rates will be consistent with the revenue that would be recovered from the retail rates in effect immediately prior to the effective date of the initial transmission delivery charge.

(2) If an electric utility proposes to establish its initial transmission delivery charge in connection with an application to the commission for a general retail rate change, the commission shall, in its order in such rate proceeding, determine the electric utility's transmission-related costs related to its service to Kansas retail customers and determine an initial
transmission delivery charge sufficient to permit the electric utility to recover from its Kansas retail customers such utility's transmission-related costs incurred to provide service to such customers.

(c) Except as provided in subsection (d), all transmission-related costs incurred by an electric utility and resulting from any order of a regulatory authority having legal jurisdiction over transmission matters, including orders setting rates on a subject-to-refund basis, shall be conclusively presumed prudent for purposes of the transmission delivery charge and an electric utility may change its transmission delivery charge whenever there is a change in transmission-related costs resulting from such an order. The commission may also order such a change if the utility fails to do so. An electric utility shall submit a report to the commission at least 30 business days before changing the utility's transmission delivery charge. If the commission subsequently determines that all or part of such charge did not result from an order described by this subsection, the commission may require changes in the transmission delivery charge and impose appropriate remedies, including refunds.

(d) (1) Any electric utility electing to recover the utility's transmission-related costs through a transmission delivery charge may include, as a component of such charge, a return on common equity capital associated with transmission facilities owned by such utility that does not exceed the prevailing average, long-term investment return assumed by the Kansas public employees retirement system. This limitation on recoverable equity capital costs shall not apply to costs associated with the use of transmission facilities not owned by such utility.

(2) If an electric utility implements a transmission delivery charge, such charge shall be the electric utility's exclusive manner of recovering transmission-related costs from the utility's retail customers.

Sec. 2. K.S.A. 66-1237 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.