AN ACT concerning the state corporation commission; requiring a study of electric utilities; relating to just and reasonable electric rates; electric rate changes, report to the legislature; amending K.S.A. 66-101b and 66-117b and repealing the existing sections.

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

New Section 1. The legislative coordinating council shall authorize a study of the retail rates of Kansas electric public utilities including electric public utilities as defined in K.S.A. 66-101a, and amendments thereto, electric cooperative public utilities exempt from state corporation commission jurisdiction pursuant to K.S.A. 66-104d, and amendments thereto, and the 10 largest municipally owned or operated electric utilities by customer count. To conduct the study, the legislative coordinating council shall select one or more independent organizations that have experience with evaluating electric utilities and include input from residential, commercial and industrial customers and advanced energy stakeholders. The study shall be completed and delivered to the senate committee on utilities and the house of representatives committee on energy, utilities and telecommunications by December 31, 2019. The costs of the study shall be paid by the state corporation commission from an assessment of expenses pursuant to K.S.A. 66-1502, and amendments thereto, upon the utilities that are subject to the study regardless of whether such utilities are subject to the jurisdiction of the state corporation commission. To facilitate this study, every Kansas electric public utility subject to this study shall provide any relevant information when requested. Any disputes regarding the provision of information, including the establishment of reasonable protections for the treatment of confidential information, shall be decided by the state corporation commission. The study shall address:

(a) The extent and impact of electric rate changes in Kansas, including:

(1) The extent to which retail electric rates of Kansas electric public utilities have increased or decreased since 2005;

(2) the amount of increase or decrease for all separate rates, fees or charges including, but not limited to, energy charges, demand charges, service fees and customer charges, tax surcharges, transmission
surcharges, cost adjustments for each fuel, debt financing charges, energy
efficiency surcharges and renewable energy surcharges, by rate class, for
each Kansas electric public utility since 2005;
(3) the return on investment experienced by shareholders of Kansas
investor-owned electric public utilities since 2005 and how such returns
compare to comparable vertically integrated investor-owned electric
utilities in other states;
(4) the primary causes for rate increases by Kansas electric public
utilities that have occurred since 2005;
(5) how utilities in states in the surrounding region have complied
with environmental regulations affecting their utility assets and whether
Kansas electric public utilities have employed similar strategies;
(6) the investments made by Kansas electric public utilities in electric
transmission infrastructure since 2005 and the retail rate impacts of such
investments;
(7) the extent to which transmission investments by Kansas electric
public utilities have impacted retail rates, including any incremental
regional transmission costs incurred by Kansas ratepayers for transmission
investments in other states, and whether such costs have been fully offset
by financial benefits such as improved access to low cost renewable
energy and wholesale energy markets;
(8) whether rate increases or the associated rising costs of Kansas
investor-owned electric public utilities impact the retail electric rates of
Kansas electric cooperatives and municipal utilities;
(9) whether Kansas electric public utilities are employing efficient
and low-cost capital structures;
(10) whether Kansas retail electric ratepayers have incurred costs
associated with the curtailment of non-dispatchable generation resources
and the amount of annual costs that have been incurred to pay non-
dispatchable wind and solar generation to not generate and deliver
electricity, including a determination of whether the commission has been
consistently and appropriately informed of such costs prior to approval of
incremental additions of non-dispatchable generation in Kansas and an
assessment of how such costs have been classified and communicated to
retail electric ratepayers; and
(11) whether retail electric rates in Kansas are competitive with the
surrounding region and if such rates are a material barrier to economic
development in Kansas;
(b) the effectiveness of current Kansas ratemaking practices,
including whether:
(1) Current ratemaking adequately attracts needed utility capital
investments and adequately discourages unnecessary capital investments
in Kansas;
(2) current ratemaking appropriately balance utility profits with the
public interest objectives of competitive electricity pricing and service
quality;
(3) Kansas electric public utilities are currently recovering from
Kansas retail electric ratepayers the full or partial cost, including a return
on investment, of any investments that are no longer fully used or required
to be used in service to the public within the state of Kansas, including, but
not limited to, generation capacity investments;
(4) the investments that Kansas electric public utilities have made in
electric transmission and renewable generation resources have contributed,
and to what extent, to the obsolescence of all the other generation facility
investments of such utilities;
(5) any employee compensation structures, including incentive
compensation and pension benefits, of Kansas electric public utilities
conflict with customer interests;
(6) allowing Kansas investor-owned electric public utilities to recover
costs through frequently updated surcharges and riders without a
traditional ratemaking process has contributed to rising electricity prices
and whether such ratemaking treatments impact the rate of return provided
to utility shareholders, the financial risk associated with utility investments
and management incentives to mitigate costs;
(7) allowing Kansas electric cooperatives and municipal utilities to
set rates and recover costs without a traditional ratemaking process has
contributed to rising electricity prices; and
(8) electricity providers in surrounding states are subject to similar
state laws, regulations and oversight to such requirements in Kansas;
(c) options available to the state corporation commission and Kansas
legislature to begin reducing Kansas retail electricity prices to regionally-
competitive levels, including reviewing whether:
(1) Capital expenditures and operating expenses of Kansas electric
public utilities can be managed to achieve and sustain competitive retail
rates while maintaining adequate and reliable service;
(2) any performance-based regulation, economic development
initiatives, price-cap regulation or other non-traditional ratemaking
methods should be considered to reduce retail electric rates or the level of
increase of any rates;
(3) competitive markets for retail electricity could benefit Kansas
consumers;
(4) further investments in energy efficiency and renewable energy
could benefit Kansas consumers;
(5) changes to the statutory service territories in Kansas would
benefit Kansas consumers;
(6) any other regulatory actions are available to the state corporation
commission to proactively stop continued rate increases and reduce retail
electric rates; and

(7) legislative enactments could materially address retail electric rate
escalation in Kansas; and

(d) other consequential energy issues materially affecting Kansas
electricity rates, including:

(1) Whether any costs incurred by Kansas electric public utilities to
build and operate electric vehicle charging stations, including any
necessary upgrades to distribution infrastructure, are recovered from
ratepayers not using electric vehicle charging services;

(2) how rates for electric vehicle charging services should be
designed to ensure such rates are just and reasonable and not subsidized by
other utility customers;

(3) the potential effects deregulating electric vehicle charging
services in Kansas, including whether deregulation would ensure that
electric vehicle charging services are not subsidized by public utility
ratepayers not using electric vehicle charging services;

(4) whether Kansas consumers could benefit from improved access to
advanced energy solutions;

(5) the costs incurred by Kansas electric public utilities: (A) To hire
or employ lobbyists, including all benefits, travel and entertainment
expenses; (B) for all dues paid to any trade association based in the
Washington D.C. metropolitan area; (C) for all employee travel and
entertainment expenses to attend trade association events around the
country; and (D) whether the sum total of such costs directly benefit
Kansas ratepayers and whether such costs are recovered from Kansas
ratepayers;

(6) the costs incurred by Kansas electric public utilities to fund the
electric power research institute and Edison electric institute, including all
employee travel and entertainment expenses to attend events of such
entities and whether such costs directly benefit Kansas ratepayers and are
recovered from Kansas ratepayers;

(7) the amount of donations and contributions to political, charitable,
civic and social organizations made by Kansas electric public utilities, the
sum total of such costs, whether such costs directly benefit Kansas
ratepayers and whether such costs are recovered from Kansas ratepayers;

(8) whether commercial and industrial customers receive fair and
nondiscriminatory representation on Kansas electric cooperative boards of
directors;

(9) whether Kansas electric public utilities recover their costs of
serving customers from each customer class on the basis of cost causation;
and

(10) whether any utilities with publicly traded stock on an exchange
have issued any public statements about plans for future material
investment that have not yet been submitted to the commission for review.

Sec. 2. K.S.A. 66-101b is hereby amended to read as follows: 66-
101b. (a) Every electric public utility governed by this act shall be
required to furnish reasonably efficient and sufficient service and facilities
for the use of any and all products or services rendered, furnished,
supplied or produced by such electric public utility, to establish just and
reasonable rates, charges and exactions and to make just and reasonable
rules, classifications and regulations. Every unjust or unreasonably
discriminatory or unduly preferential rule, regulation, classification, rate,
charge or exacton is prohibited and is unlawful and void. The commission
shall have the power, after notice and hearing in accordance with the
provisions of the Kansas administrative procedure act, to require all
electric public utilities governed by this act to establish and maintain just
and reasonable rates when the same are reasonably necessary in order to
maintain reasonably sufficient and efficient service from such electric
public utilities.

(b) In determining just and reasonable rates, the commission shall
evaluate the competitiveness of any proposed electric rate with those of
comparable public utilities in surrounding states. Every order approving
an increase in the base rates of an electric or natural gas public utility
shall include findings of fact regarding the impact of such rate increase on
the Kansas economy.

Sec. 3. K.S.A. 66-117b is hereby amended to read as follows: 66-
117b. The state corporation commission shall report to the legislature in
accordance with this section on or before February 1 each year in regard to
any changed rate, joint rate, toll, charge or classification or schedule of
charges, or any rule or regulation or practice pertaining to the service or
rates of a public utility or common carrier approved by the state
corporation commission during the preceding fiscal year and an
assessment of the regional competitiveness of electric and natural gas
rates, with such assessment to compare the rates in Kansas with Missouri,
Nebraska, Oklahoma, Colorado, Arkansas, Iowa, Texas and any
additional regional state that the commission deems appropriate. For each
approved rate change that resulted in a rate increase that exceeds the
consumer price index, the commission shall report the circumstances that
led to the approval of such rate increase. Such report shall contain
statistical and narrative information as the state corporation commission
deems appropriate. Such report need not include any information
regarding any public utility or common carrier that had less than
$10,000,000 annual operating revenues in the preceding calendar year. The
report to the legislature under this section shall be made by the state
corporation commission either (a) by publishing such report on the internet
and by notifying providing the legislature that the website address where the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (b) by submitting copies of such report on CD-ROM or other electronically-readable media to the legislature.

Sec. 4. K.S.A. 66-101b and 66-117b are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.