

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Energy, Utilities and Telecommunications** recommends **HB 2527** be amended on page 1, in line 21, after the period by inserting ""Qualifying electric plant" does not include transmission facilities or new electric generating units."; in line 29, after "requirement" by inserting "or that was approved to be used for regulatory accounting purposes"; in line 30, by striking "completed" and inserting "ordered return on rate base in a"; also in line 30, by striking all after "proceeding"; by striking all in lines 31 through 35;

On page 2, in line 1, by striking all before the period; in line 4, by striking "100%" and inserting "90%"; in line 8, after "(f)" by inserting "(1). Such deferral shall begin on July 1, 2024, if the public utility has notified the commission of the public utility's election to make such deferral by such date or shall begin on the date that such election is made if such election is made after July 1, 2024"; also in line 8, after "(c)" by inserting ", subsection (f)(2) and the provisions of section 2, and amendments thereto"; in line 29, by striking "plants" and inserting "plant"; in line 38, after "(f)" by inserting "(1)"; in line 40, after the period by inserting:

"(2)";

Also on page 2, in line 42, after "section" by inserting "until December 31, 2030, except that, upon application by such public utility, the commission may authorize the public utility to continue to make the deferrals authorized by this section until December 31, 2036. Any such application shall be filed with the commission on or before December 31, 2028. The commission shall issue a determination on an application filed pursuant to this subsection within 240 days of the date that such application is filed. If requested by the public utility, an intervenor in the

application docket or commission staff, the commission shall hold a hearing on such application. When making a determination upon such application, the commission may consider factors that the commission deems just and reasonable and condition the commission's determination on any factors that are relevant to the deferrals authorized pursuant to this section. If the commission denies the public utility's application, such denial shall only act to prohibit the public utility from making such deferrals after December 31, 2030, and shall not otherwise affect or terminate any deferral that is authorized to be made pursuant to this section or any regulatory or ratemaking treatment of the regulatory assets arising from such deferrals.

(g) The provisions of this section shall not be construed to restrict or limit the authority of the commission to authorize a public utility to use deferral accounting treatment for any rate base addition, such as a new electric generating unit, that is not considered a qualifying electric plant pursuant to this section";

On page 3, in line 2, by striking all after "(2)"; by striking all in lines 3 through 37; in line 38, by striking all before the period and inserting "'Public utility" means the same as defined in K.S.A. 66-104, and amendments thereto.

(3) "Qualifying regulatory asset" means any regulatory asset balance arising pursuant to section 1, and amendments thereto, from the rate base cutoff date in the public utility's prior general rate proceeding to the rate base cutoff date in the current general rate proceeding in which the revenue requirement impact cap is applied.

(4) "Rate base cutoff date" means the date rate base additions are accounted for in a general rate proceeding. In the absence of a commission order that specifies the "rate base cutoff date," "rate base cutoff date" means the date as reflected in any jointly proposed procedural schedule submitted by the parties in the applicable general rate proceeding or the date that is otherwise agreed to by the parties.

(5) "Revenue requirement impact cap" means the product of:

(A)  $\frac{1}{12}$  of 1.5% multiplied by the number of months that have elapsed from the effective date of new base rates in an electric public utility's most recently completed general rate proceeding to the effective date of new base rates in the general rate proceeding in which the cap is applied; and

(B) the retail revenue requirement used to set base rates in the electric public utility's most recently completed general rate proceeding concluded prior to the general rate proceeding in which the cap is applied.

(b) The provisions of this section apply to any public utility that has elected to make the deferrals authorized pursuant to section 1, and amendments thereto, until the public utility's authority to make such deferrals expires pursuant to section 1, and amendments thereto.

(c) Any part of a public utility's retail revenue requirement used to set the public utility's base rates in any general rate proceeding of the public utility that is concluded on or after July 1, 2024, and that consists of a revenue requirement arising from inclusion in rate base of the qualifying regulatory asset balance shall not exceed the revenue requirement impact cap. If inclusion in rate base of the full balance of the qualifying regulatory asset balance would cause the public utility to exceed the revenue requirement impact cap, any part of the qualifying regulatory asset balance that exceeds the revenue requirement impact cap shall not be included in rate base and the qualifying regulatory asset balance shall be reduced accordingly as a penalty";

On page 4, in line 32, by striking "or"; in line 33, after "(2)" by inserting "a peak demand that is reasonably projected to be at least 300 kilowatts within two years of the date the customer first receives service under the discounted rate and is not the result of shifting existing demand from other facilities of the customer in the electric public utility's certified service territory and:

(A) An annual load factor that is reasonably projected to be at least 55% within two years

of the date the customer first receives service under the discounted rate; and

(B) the facility shall, once first achieved, maintain the peak demand and load factor for the remaining duration of the discounted rate; or

(3)";

On page 5, in line 4, after "(b)(1)" by inserting "or (b)(2)"; in line 6, by striking "(b)(2)" and inserting "(b)(3)"; in line 12, after "(2)" by inserting "For discounts to facilities that qualify pursuant to subsection (b)(2), the average of the annual discount percentages shall not exceed 40%, except that such discounts may be between 20% and 50% in any year of such five-year period.

(3)";

Also on page 5, also in line 12, by striking "(b)"; in line 13, by striking "(2)" and inserting "(b)(3)"; in line 20, by striking all after "after"; by striking all in lines 21 through 28; in line 29, by striking all before the period and inserting "July 1, 2024, the difference in revenues generated by applying the discounted rates authorized pursuant to this section and the revenues that would have been generated without such discounts shall not be imputed into the electric public utility's revenue requirement";

On page 6, in line 20, after "(h)" by inserting "An electric public utility shall be authorized to only implement discounted rates for facilities that qualify for such discounted rates pursuant to subsection (b)(3) until December 31, 2030, except that, upon application by such public utility, the commission may authorize the public utility to continue to implement such discounted rates for facilities that qualify for such discounted rates pursuant to subsection (b)(3) until December 31, 2036. Any such application shall be filed with the commission on or before December 31, 2028. The commission shall issue a determination on an application filed pursuant to this subsection within 240 days of the date that such application is filed. If requested by the public

utility, an intervenor in the application docket or commission staff, the commission shall hold a hearing on such application. When considering and making a determination upon such application, the commission may consider factors that the commission deems just and reasonable and condition the commission's determination on any factors that are relevant to the discounted rates for facilities that qualify for such discounted rates pursuant to subsection (b)(3). If the commission denies the public utility's application, such denial shall only act to prohibit the public utility from implementing discounted rates for facilities that qualify for such discounted rates pursuant to subsection (b)(3) after December 31, 2030, and shall not otherwise affect or terminate any discounted rates implemented by the public utility pursuant to this section or any regulatory or ratemaking treatment of such discounted rates.

(i)";

On page 7, in line 26, by striking "180" and inserting "240";

On page 8, in line 32, after "(5)" by inserting "(A)"; in line 39, after "facility" by inserting ", which shall not exceed the definitive cost estimate found reasonable by the commission in a proceeding conducted pursuant to this section for the public utility's acquisition of the public utility's stake in such generating facility, unless otherwise ordered by the commission in a subsequent proceeding,"; in line 43, after "of" by inserting "inclusion of construction work in progress in";

On page 9, in line 3, by striking "30" and inserting "60"; in line 13, after "include" by inserting "a deferral for depreciation expense incurred and"; following line 20, by inserting:

"(B) If a public utility implements a rate adjustment mechanism pursuant to this paragraph and subsequently terminates the initiative to acquire a stake in the generating facility, the commission shall have the authority, after a hearing is held on the matter, to order the public utility to refund customers any amounts collected through such rate adjustment mechanism.

(C) A public utility shall be authorized to implement a rate adjustment mechanism pursuant to this paragraph until December 31, 2030, except that, upon application by such public utility, the commission may authorize the public utility to continue to implement a rate adjustment mechanism pursuant to this paragraph until December 31, 2036. Any such application shall be filed with the commission on or before December 31, 2028. The commission shall issue a determination on an application filed pursuant to this subsection within 240 days of the date that such application is filed. If requested by the public utility, an intervenor in the application docket or commission staff, the commission shall hold a hearing on such application. When considering and making a determination upon such application, the commission may consider factors that the commission deems just and reasonable and condition the commission's determination on any factors that are relevant to the rate adjustment mechanism authorized pursuant to this paragraph. If the commission denies the public utility's application, such denial shall only act to prohibit the public utility from implementing a rate adjustment mechanism after December 31, 2030, and shall not otherwise affect or terminate any rate adjustment mechanism implemented by the public utility pursuant to this section or any regulatory or ratemaking treatment of such rate adjustment mechanism.";

Also on page 9, in line 26, by striking "180" and inserting "240"; in line 34, after "(d)" by inserting "(1) It is the intent of the legislature that when a public utility files a petition for a determination of ratemaking principles and treatment pursuant to subsection (b) or (c), consistent with the state corporation commission's customary practices, the commission shall:

- (A) Issue a determination on such petition in an expeditious manner; and
- (B) when circumstances allow, attempt to issue such determination in a period of time that is less than the 240-day deadline to issue such determination established pursuant to subsection (b) or (c).

(2) In furtherance of such legislative intent, a public utility that intends to file a petition for a determination of ratemaking principles and treatment pursuant to this section shall provide notice to the commission of such public utility's intent to file such petition not less than 30 days before filing a petition pursuant to this section. Upon receipt of such notice, the commission shall provide notice of the public utility's intent to file a petition pursuant to this section to each person or entity that was a party to or an intervenor in the public utility's most recently concluded base rate case.

(3) In any proceeding conducted pursuant to this section, any application for intervention in such proceeding shall be submitted not later than 10 days after the public utility's filing of a petition for a determination of ratemaking principles and treatment. The commission shall adopt a procedural schedule for the proceeding not later than 30 days after a public utility files a petition for a determination of ratemaking principles and treatment pursuant to this section.

(e)";

On page 10, in line 5, by striking "(d)" and inserting "(e)";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 1, in the title, in line 2, by striking all after "authorizing"; by striking all in lines 3 through 6; in line 7, by striking all before "economic" and inserting "public utilities to defer to a regulatory asset and recover depreciation expenses relating to certain rate base additions; establishing a cap on such cost recovery and limiting the time that such cost recovery may be implemented by a public utility; authorizing new"; in line 8, by striking all after the semicolon; by striking all in line 9; in line 10, by striking all before the semicolon and inserting "limiting the time that such economic development rates for large facilities may be implemented by a public utility; prohibiting any revenue lost through the implementation of economic development rates from being imputed into the electric public utility's revenue requirement"; in line 11, after the

semicolon by inserting "limiting the time that such rate adjustment mechanism may be implemented by a public utility; extending the timeline for the commission to make a determination of ratemaking principles and treatment prior to a public utility constructing or acquiring a stake in an electric generation or transmission facility; establishing procedural requirements to support the timely completion of such proceedings;"; and the bill be passed as amended.

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Chairperson