

Citizens' Utility Ratepayer Board

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SENATE UTILITIES COMMITTEE S.B.382

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 11, 2004

Chairman Clark and members of the committee:

Thank you for this opportunity to appear before you today and offer testimony on S.B. 382. The Citizens' Utility Ratepayer Board opposes this bill for the following reasons:

S.B. 382 removes the sunset provision in K.S.A. 66-1233 *et seq.*, ("the Kansas Energy Security Act") currently set to expire on July 1, 2004. CURB testified last year in opposition to H.B. 2374, which is now codified at K.S.A. 66-1236. As stated last year in testimony, CURB is not opposed to prudent security costs, after review, being collected from ratepayers. However, CURB objected to the provisions in H.B. 2374 that kept all information related to security cost rate increases confidential and hidden from consumers.

Specifically, H.B. 2374 (now K.S.A. 66-1236) states, "in adopting procedures applicable in proceedings pursuant to K.S.A. 66-1233, and amendments thereto, the state corporation commission shall provide for:

- K.S.A. 66-1236(a)(1) Confidentiality of information so that the amount of recovery requested, the amount of recovery allowed, the method of recovery requested and the method of recovery allowed is not disclosed;
- K.S.A. 66-1236(a)(4) the security cost recovery charge to be unidentifiable on customer's bills;
- K.S.A. 66-1236(a)(8) recovery of capital expenditures over a period equal to not more than ½ the usable lifetime of the capital investment;

- K.S.A. 66-1236(a)(7) denial of any expenditure that the Commission determines is not prudent or is not for security measures and approval of all other expenditures;
- K.S.A. 66-1236(b) A determination by the Commission of the prudence of an expenditure for security measures shall not be based on standard regulatory principles and methods of recovery and shall take fully into account the findings and intent of the legislature as stated in K.S.A. 2003 Supp. 66-1235, and amendments thereto.

CURB believes the provisions of K.S.A. 66-1233 *et seq.*, and specifically K.S.A. 66-1236, are clearly harmful to utility consumers. While CURB has never advocated that all security information should be publicly available, CURB does believe that the consumers that pay utility rates in Kansas have a right to know when their utility rates are being increased, why their utility rates are being increased, and where that increase will be in their utility bills. Further, utility ratepayers have the right to expect that the security expenditures will be reviewed to determine whether they are prudent, before being placed on a consumer's bill. Requiring that the prudence review "shall not be based on standard regulatory principles and methods of recovery" clearly calls this principle into question.

For these reasons, CURB does not believe that the sunset provision in K.S.A. 66-1233 should be removed. To the extent that S.B. 382 removes the sunset provision, CURB opposes passage of the bill. These statutory provisions should be allowed to expire and be removed from law.