

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE S.B. 382

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 4, 2004

Chairman Holmes 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 (as originally drafted) 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 cost expenditures, 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.

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 how much their utility rates are being increased. 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. (See 66-1236(b))

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.

S.B. 382 (as amended) extends the date of the sunset provision to July 1, 2006. Given the choice of removing the sunset entirely, as originally proposed in S.B. 382, or merely extending the sunset provision two years as is proposed in the amended version of S.B. 382, CURB would choose the two year extension. However, this does not change CURB's basic objections to the K.S.A. 66-1233 *et. seq.* or CURB's belief that the law should be allowed to sunset this year.

CURB would also note that there was some prior discussion of the use of accounting orders issued by the KCC to address security cost issues. CURB would support, and even encourage the use of accounting orders for the purpose of security cost recovery if the accounting order authority is in lieu of the provisions of K.S.A. 66-1233 *et. seq.* It should be pointed out that even if the provisions of K.S.A. 66-1233 *et. seq.* are allowed to expire July 1, 2004, as the law exists today, the Commission will have, and has always had, the authority to issue accounting orders for security cost recovery. However, CURB would oppose the use of accounting orders simply as a method to carry out the provisions of K.S.A. 66-1233 *et. seq.*, without fundamentally changing the requirements of that law.