

# Citizens' Utility Ratepayer Board

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David Springe, Consumer Counsel  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
Phone: (785) 271-3200  
Fax: (785) 271-3116  
<http://curb.kcc.state.ks.us/>

## HOUSE UTILITIES COMMITTEE H.B. 2842

Testimony on Behalf of the Citizens' Utility Ratepayer Board  
By David Springe, Consumer Counsel  
February 15, 2006

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2842. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

While CURB is generally supportive of wind energy at reasonable and economical levels, CURB is concerned that, as drafted, this bill sets a mandate for "electric public utilities" to enter into five year agreements to purchase wind energy, without any restriction on the amount of wind produced or the number of agreements required. In that the electric public utility ratepayers will ultimately be responsible for the cost of these wind agreements, CURB urges the Committee to reject such open ended, inflexible requirements as are set forth in this bill.

CURB's main concern with this bill is the language in Section 2(a) that states "an electric public utility shall be required to enter into at least a five-year power purchase agreement with a wind energy facility." Perhaps this language can be read narrowly, requiring an agreement with only one facility ("a wind energy facility"), but if not, then this language may require a five year contract with every wind energy facility that seeks to do business with the utility. There are no apparent limits to this language. As such, CURB cannot support this language.

After the initial five year term of these agreements, Section 2(d) requires that all available energy "shall be sold on an as produced basis pro-rata to the utilities" at a price not to exceed 95% of the utilities respective avoided fuel cost from the prior calendar year. This linkage of prior year avoided fuel cost to current year expense for wind energy may produce a result that is uneconomic for a resource that may be un-needed by the utility, and its customers. This bill essentially forces several utilities to accept power they may not need, from perhaps unlimited suppliers. Ultimately the utilities customers will pay this cost. CURB does not support the type of absolute mandate dictated by this bill. This is the equivalent of a renewable portfolio standard which has never before been passed by the legislature.

While linking some wind purchases to a price not to exceed avoided fuel costs is a novel idea, and could perhaps serve as an interesting starting point for a discussion, CURB cannot support the framework set forth in this bill. As such, CURB respectfully requests the committee reject this bill.