

Kansas House Energy, Utilities and Telecommunications Committee  
Testimony of Citizens' Utility Ratepayer Board  
Proponent's Testimony  
SB 126  
March 10, 2020

My name is David Nickel, Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB). CURB supports Substitute for Senate Bill (SB) 126. Substitute for SB 126 is favorable to the residential and small commercial ratepayers that CURB represents.

CURB testified in favor of SB 126 before the Senate Utilities Committee, before it was amended to reflect concerns by several stakeholders after a stakeholder meeting. At its heart, Substitute for SB 126 recognizes that ratepayers pay the income tax that is generated by sales of energy necessary to meet the revenue requirement of a utility in providing service to its customers. If that tax burden is reduced by a change in federal or state income tax rates, SB 126 requires an adjustment to utility rates so that utility customers are not paying for an expense that is not actually paid. Conversely, if there is an increase in federal or state income tax rates, utility rates are then adjusted so that utilities receive the additional payments from ratepayers to account for the increase in the utility's tax burden. Thus, Substitute for SB 126 is fundamentally fair.

Moreover, Section (2)(d) of SB 126 exempts for-profit utilities from Kansas income tax and provides that they cannot collect Kansas income tax expense from its ratepayers as a component of rates. Savings resulting from a Kansas income tax exemption would help to lower the utility bills of these ratepayers in need of help due to high Kansas utility rates.

There were a number of concerns that various stakeholders had with respect to SB 126 as it was initially proposed. CURB was involved in a stakeholder meeting in which these concerns were addressed. To CURB's knowledge, all stakeholders are either proponents or neutral on Substitute for SB 126 as a result of the stakeholder meeting and the amendments that resulted therefrom. Thank you for your favorable consideration of Substitute for SB 126.