

Kansas Senate Financial Institutions and Insurance Committee
Testimony of Citizens' Utility Ratepayer Board
Testimony Supporting Amendment to SB 245
Qualified Extraordinary Cost
(Written Only)
March 17, 2021

Mr. Chairman and members of the Senate Financial Institutions and Insurance Committee, my name is David W. Nickel. I am Consumer Counsel of the Citizens' Utility Ratepayer Board (CURB). I am furnishing testimony in support of certain amendments proposed to Senate Bill (SB) 245 that would allow Kansas utilities subject to regulation by the Kansas Corporation Commission (KCC) to file an application to securitize qualified extraordinary costs, as defined in the bill.

As originally filed with the Kansas Legislature this session, SB 245 created the Kansas Grid Resiliency, Innovation and Dependability Act. It prescribed the use of ratepayer-backed bonds for utility purposes, known broadly as securitization, as a regulatory tool to finance the retirement or abandonment of electric utility generation facilities as approved by the Kansas Corporation Commission (KCC). CURB generally supports the concept of securitization.

However, after SB 245 was introduced in the Kansas Legislature, Kansas and many other states suffered an anomalous period of extraordinary frigid temperatures. As this Committee is aware, this event (2021 winter event) gave rise to fuel costs well above the norm, which may result in extreme customer impacts. Thankfully, the KCC and Kansas utilities took steps to mitigate those rate impacts through several dockets opened by the KCC. CURB has intervened in those dockets on behalf of residential and small commercial ratepayers. At this point, however, we are unsure how serious the rate impacts upon customers may be.

In those regards, the KCC, the utilities and CURB have worked very diligently to amend SB 245 to allow utilities to file securitization applications to avoid extreme customer impacts arising out of qualified extraordinary costs, which likely would include costs arising from the 2021 winter event. The KCC would govern these applications including hearings with all stakeholders involved to arrive at a reasonable determination. CURB believes that securitization is an appropriate regulatory tool to help lessen the customer impact of qualified extraordinary costs and to spread those costs over a reasonable period. Therefore, CURB supports the amendment.

CURB wishes to call to the attention of this Committee that when CURB testified on SB 245 on February 18, 2021, CURB opposed the bill solely because the utilities and stakeholders had not arrived at a solution expressly addressing the need for regulatory parameters established by the KCC to ensure that ratepayers received the benefits of securitized utility tariff bonds. Since that time, most stakeholders (including CURB) have worked through that issue and appropriate language was added to SB 245. As that amendment was added, CURB was assured that the KCC would be authorized to establish ratemaking parameters and regulatory accounting for the retirement or abandonment of electric public utility generating assets, essentially ensuring that ratepayers received the benefit of the retirement or abandonment and securitization of the same. With that amendment, and because we believe that no other amendments are being offered which would adversely affect residential consumers, CURB would support SB 245.

Thank you for the opportunity to present CURB's perspective on this important bill.