



Testimony In Support of House Bill No. 2465
Senate Utilities Committee
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Prepared by
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Good Morning Mr. Chairman and fellow committee members. My name is Carl Huslig and I am the Vice President of Transmission for Aquila Networks – West Plains Kansas. Aquila appreciates the opportunity to testify before you in support of House Bill 2465.

As I have discussed with this committee before, the Kansas Legislature has passed several pieces of legislation critical to the enhancement of the transmission system in Kansas. You have heard me say that the FERC Chairman, Pat Wood, has deemed Kansas “best-in-class”- the model which other states should follow concerning the advancement of the transmission network. It is imperative that we continue to advance this “best in class” model which is why Aquila strongly supports this bill.

I recently had a conversation with Denise Bode, Chairman of the Oklahoma Corporation Commission (OCC) and President of the Regional State Committee (RSC) for the Southwest Power Pool (SPP). Chairman Bode requested a copy of KSA 66-1237 which allows for the unbundling or bifurcation of transmission investment and expense from our other costs in base retail rates. Bifurcation provides that transmission costs may be isolated from other retail rate costs and appear as a separate line item on our customers’ monthly bills.

In 2003, when the Kansas Legislature passed HB 2130, Kansas became the first state to enact bifurcation legislation. The OCC is in the process of drafting such legislation in Oklahoma.

Chairman Bode went on to state that bifurcation legislation is the answer to Regional Transmission Organization (RTO) cost recovery and transmission

expansion in the Southwest Power Pool. In fact, she stated that Chairs of the Texas and Arkansas corporation commissions agreed that this type of legislation is the only model to follow. FERC also concurs that transmission needs to be bifurcated.¹

So why am I advocating the modification of a statute that Aquila and transmission experts in many other states so strongly support? Presently, the statute has no regulatory clock for response to bifurcation filings. A company could make a bifurcation filing at the Kansas Corporation Commission (KCC), but the KCC has no timetable upon which to respond. Such a timetable should be established. Without one, implementation could be delayed indefinitely thus impeding enhancement of the transmission network.

The KCC has a set 240-day clock to issue an order in a retail rate case. Since a bifurcation filing is based upon the most recent rate case data by statute, a 240-day clock is not necessary. A 120 business-day regulatory clock is appropriate and allows for ample time for a decision to be reached on the application.

Aquila also supports the modification in Section 1 (b) providing that 90-days after the report to the KCC is submitted, the new rates become effective.

Finally, Aquila appreciates the opportunity to provide input on this bill. Let's keep the momentum rolling. I am happy to stand for questions at the appropriate time. Thank you.

¹ FERC Docket No. ER05-285, FERC staff agreed with AMP-Ohio that transmission needs to be bifurcated.