

As Amended by House Committee

As Amended by Senate Committee

Session of 2008

SENATE BILL No. 586

By Committee on Utilities

2-11

12 AN ACT concerning ~~the state corporation commission~~ **energy**; relating
13 to ~~nuclear generation facilities; concerning recovery of certain costs~~
14 **electric utilities**; amending K.S.A. **74-8941 and K.S.A. 2007 Supp.**
15 **66-128, 74-616, 79-258 and 79-259** and repealing the existing ~~sec-~~
16 ~~tion~~ **sections**.
17

18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. On and after July 1, 2008, the state corporation com-
20 mission, upon application and request, shall authorize an electric utility
21 to recover the utility's prudent expenditures for ~~study and feasibility de-~~
22 **velopment costs, which include preliminary engineering, study,**
23 **feasibility, prepayments for major equipment and permitting** costs
24 for a new nuclear generation facility by an adjustment to the utility's rates.
25 The application and request shall be subject to such procedures and con-
26 ditions, including review, ~~in an expedited manner~~, of the prudence of the
27 expenditures and the reasonableness of the measures, as the commission
28 deems appropriate. **The commission shall allow any electric public**
29 **utility to apply and request a predetermination of rate-making**
30 **principles and treatment applicable to the utility's rates to recover**
31 **development costs for a new nuclear generation facility, which in-**
32 **clude preliminary engineering, study, feasibility, prepayments for**
33 **major equipment and permitting costs, prior to construction of the**
34 **facility.**

35 New Sec. 2. An electric utility which receives on and after July 1,
36 2008, a license to operate a nuclear generation facility from the United
37 States nuclear regulatory commission shall be allowed to use a book de-
38 preciable remaining life of not more than the amount of time remaining
39 on the United States nuclear regulatory commission operating license of
40 such facility.

41 Sec. 3. K.S.A. 2007 Supp. 66-128 is hereby amended to read as fol-
42 lows: 66-128. (a) The state corporation commission shall determine the
43 reasonable value of all or whatever fraction or percentage of the property

1 of any common carrier or public utility governed by the provisions of this
2 act which property is used and required to be used in its services to the
3 public within the state of Kansas, whenever the commission deems the
4 ascertainment of such value necessary in order to enable the commission
5 to fix fair and reasonable rates, joint rates, tolls and charges. In making
6 such valuations the commission may avail itself of any reports, records or
7 other things available to the commission in the office of any national, state
8 or municipal officer or board.

9 (b) (1) For the purposes of this act, except as provided by subsection
10 (b)(2), property of any public utility which has not been completed and
11 dedicated to commercial service shall not be deemed to be used and
12 required to be used in the public utility's service to the public.

13 (2) Any public utility property described in subsection (b)(1) shall be
14 deemed to be completed and dedicated to commercial service if: (A)
15 Construction of the property will be commenced and completed in one
16 year or less; (B) the property is an electric generation facility that converts
17 wind, solar, biomass, landfill gas or any other renewable source of energy;
18 (C) the property is an electric generation facility or addition to an electric
19 generation facility, ~~which facility or addition to a facility is placed in serv-~~
20 ~~ice on or after January 1, 2001;~~ or (D) the property is an electric trans-
21 mission line, including all towers, poles and other necessary appurte-
22 nances to such lines, which will be connected to an electric generation
23 facility.

24 (3) ~~Electric generation facilities under the provisions of subsection~~
25 ~~(b)(2)(C) or (b)(2)(D) shall not include facilities used in generating elec-~~
26 ~~tricity by nuclear resources.~~

27 ~~(4)~~ Nothing in this subsection (b) shall be construed to preclude the
28 state corporation commission, either on the commission's initiation of a
29 docket or in a utility rate proceeding, from reviewing whether expendi-
30 tures for public utility property were efficient and prudent.

31 (c) As used in this section, "electric transmission line" means any line
32 or extension of a line with an operating voltage of 34.5 kilovolts or more
33 which is at least five miles in length and which is used or to be used for
34 the bulk transfer of electricity.

35 ~~Sec. 4. K.S.A. 2007 Supp. 66-128 is hereby repealed.~~

36 **Sec. 4. K.S.A. 2007 Supp. 74-616 is hereby amended to read**
37 **as follows: 74-616. In addition to other powers and duties provided**
38 **by law, in administering the provisions of this act the state cor-**
39 **poration commission shall:**

40 (a) **Adopt rules and regulations necessary for the administra-**
41 **tion of this act;**

42 (b) **develop a comprehensive state energy conservation plan**
43 **and the procedures for implementing the plan according to federal**

1 **requirements;**

2 *(c) allow, at the option of the requesting utility, the capitalization and*
3 *addition to rate base of investments in and expenditures for commission*
4 *approved energy efficiency, conservation and demand management*
5 *programs;*

6 *(d) make requests for and accept funds and other assistance*
7 *from federal agencies for energy conservation and other energy-*
8 *related activities in this state, including, but not limited to, the*
9 *state energy program;*

10 ~~(d)~~ *(e) administer federal energy conservation programs in this*
11 *state; and*

12 ~~(e)~~ *(f) prepare an emergency management plan for natural gas*
13 *and electric energy to be adopted during activation of emergency*
14 *support function 12 of the Kansas response plan established under*
15 *K.S.A. 48-920 et seq., and amendments thereto, which plan shall*
16 *include the system of priorities for natural gas and electric energy*
17 *allocation and curtailment of energy resources consumption es-*
18 *tablished under K.S.A. 74-620, and amendments thereto.*

19 **Sec. 5. K.S.A. 74-8941 is hereby amended to read as follows:**
20 **74-8941. (a) For the purpose of financing the construction, pur-**
21 **chase and installation of pollution control devices at electric gen-**
22 **eration facilities and additions to electric generation facilities de-**
23 **scribed in subsection ~~(b)(2)(D)~~ (b)(2)(C) of K.S.A. 66-128, and**
24 **amendments thereto, the Kansas development finance authority is**
25 **hereby authorized to issue revenue bonds in amounts sufficient to**
26 **pay the costs of such construction, purchase and installation, in-**
27 **cluding any required interest on the bonds during construction**
28 **and installation, plus all amounts required for the costs of bond**
29 **issuance and any required reserves on the bonds. The bonds, and**
30 **interest thereon, issued pursuant to this section shall be payable**
31 **from revenues derived from sales of generation from the electric**
32 **generation facility. As used in this subsection, “pollution control**
33 **devices” means any device or structure required to meet air emis-**
34 **sion or water discharge standards imposed by state or federal law.**

35 **(b) The provisions of subsection (a) of K.S.A. 74-8905, and**
36 **amendments thereto, shall not prohibit the issuance of bonds by**
37 **the Kansas development finance authority for the purposes of this**
38 **section and any such issuance of bonds is exempt from the provi-**
39 **sions of subsection (a) of K.S.A. 74-8905, and amendments thereto,**
40 **which would operate to preclude such issuance.**

41 **(c) Revenue bonds, including refunding revenue bonds, issued**
42 **hereunder shall not constitute an indebtedness of the state of Kan-**
43 **sas, nor shall they constitute indebtedness within the meaning of**

1 any constitutional or statutory provision limiting the incurring of
2 indebtedness.

3 (d) Revenue bonds, including refunding revenue bonds, issued
4 hereunder and the income derived therefrom are and shall be ex-
5 empt from all state, county and municipal taxation in the state of
6 Kansas, except Kansas estate taxes.

7 Sec. 6. K.S.A. 2007 Supp. 79-258 is hereby amended to read
8 as follows: 79-258. The following described property, to the extent
9 herein specified, shall be exempt from all property taxes levied
10 under the laws of the state of Kansas:

11 (a) All electric generation facilities and additions to electric
12 generation facilities described in subsection ~~(b)(2)(D)~~ (b)(2)(C) of
13 K.S.A. 66-128, and amendments thereto.

14 (b) The provisions of subsection (a) shall apply: (1) Except as
15 provided in paragraph (2), from and after commencement of con-
16 struction of such property and for the 10 taxable years immediately
17 following the taxable year in which construction of such property
18 is completed; or (2) for a peak load plant, from and after com-
19 mencement of construction of such peak load plant and for the
20 four taxable years immediately following the taxable year in which
21 construction of such property is completed.

22 (c) All pollution control devices purchased for or constructed
23 or installed at electric generation facilities described in subsection
24 ~~(b)(2)(D)~~ (b)(2)(C) of K.S.A. 66-128, and amendments thereto.

25 (d) The provisions of subsection (c) shall apply: (1) Except as
26 provided in paragraph (2), from and after purchase or commence-
27 ment of construction or installation of such property and for the
28 10 taxable years immediately following the taxable year in which
29 such property is purchased or construction or installation of such
30 property is completed; or (2) for a peak load plant, from and after
31 purchase or commencement of construction or installation of such
32 property and for the four taxable years immediately following the
33 taxable year in which such property is purchased or construction
34 or installation of such property is completed.

35 (e) As used in this section, “peak load plant” means an electric
36 generation facility used during maximum load periods.

37 (f) The provisions of this section shall apply to all taxable years
38 commencing after December 31, 2000.

39 Sec. 7. K.S.A. 2007 Supp. 79-259 is hereby amended to read
40 as follows: 79-259. The following described property, to the extent
41 herein specified, shall be exempt from all property or ad valorem
42 taxes levied under the laws of the state of Kansas:

43 (a) All electric transmission lines and appurtenances described

1 **in subsection ~~(b)(2)(E)~~ (b)(2)(D) of K.S.A. 66-128, and amendments**
2 **thereto, and the right-of-way on which such lines are located.**

3 **(b) The provisions of this section shall apply to property the**
4 **construction of which is completed after December 31, 2000, and**
5 **for the 10 taxable years immediately following the taxable year in**
6 **which construction of such property is completed.**

7 **(c) The provisions of this section shall apply to all taxable years**
8 **commencing after December 31, 2000.**

9 **Sec. 8. K.S.A. 74-8941 and K.S.A. 2007 Supp. 66-128, 74-616,**
10 **79-258 and 79-259 and hereby repealed.**

11 **Sec. ~~5~~ 9.** This act shall take effect and be in force from and after its
12 publication in the statute book.