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MEMORANDUM

To: Senate Committee on Utilities
From: Tamera Lawrence, Assistant Revisor of Statutes
Date: March 6, 2012
Subject: HB 2489—Deregulation of natural gas public utilities cooperatives

HB 2489 permits a natural gas cooperative public utility to elect to be exempt from the jurisdiction, regulation, supervision and control of the Kansas Corporation Commission. To elect to be exempt, the natural gas public utility must undertake a process of polling its members, voting on the proposition and notifying the commission of an affirmative result. This process is the same as the one that exists under current law for electric cooperatives to elect to be deregulated.

The bill also provides that if a petition is filed with the KCC within one year after any change in rates, joint rates, tolls, charges and exactions, classifications or schedules of rates and is signed by at least 5% of an exempted cooperative's customers or 3% of any one rate class, the KCC shall investigate such rates, classifications or schedules of rates of the cooperative. If, after the investigation, the KCC determines that such rates, charges or classifications are unjust, the KCC has the authority to fix and substitute just and reasonable rates. The cooperative's rates, charges or classifications would remain in effect, subject to change or refund, until the KCC's final order.

For any cooperative exempted from regulation, the bill requires that 10 days' notice must be given to all members of the cooperative for any meeting at which a change in rates is to be discussed. The cooperative is also required to maintain a schedule of rates and charges at its headquarters and to make copies of such rates and charges available to the public. Failure to provide proper notice or maintain a schedule of rates and charges would subject the cooperative to civil penalties. Finally, the cooperative is required to include a provision in its notice to customers of the customer's right to request the KCC review any rate change.