

SENATE RESOLUTION NO. ____

By Committee on Assessment and Taxation

A RESOLUTION urging utility companies and the State Corporation Commission to provide customers and ratepayers of Kansas timely relief by adjusting rates based on the lower federal tax rate and refunding excess funds collected.

WHEREAS, For rate-regulated utilities, the Kansas Corporation Commission sets the rates that public utility companies charge to the ratepayers of Kansas; and

WHEREAS, In calculating the rate, the Commission includes an amount for anticipated federal taxes in the rate calculation; and

WHEREAS, Utility companies that are not rate regulated by the state are allowed to set the rate that is charged to their customers; and

WHEREAS, Beginning on January 1, 2018, the federal income tax rate levied on utility companies subject to federal income taxes decreased from 35% to 21%; and

WHEREAS, Utility companies that are collecting moneys from ratepayers and customers based on the higher anticipated tax rate are retaining overcollections in anticipation of a return to customers in the utilities' accounts and in the Accumulated Deferred Income Tax Account; and

WHEREAS, The Commission on March 27, 2018, approved a settlement for Black Hills Energy and Atmos Energy that will result in customer bill credits and decreases in surcharges, but has not yet issued similar settlements or orders for the remainder of rate-regulated public utility companies; and

WHEREAS, Representatives of multiple public utility companies testified before the Senate Committee on Taxation that the companies intend to return to the ratepayers of Kansas all moneys overcollected as a result of the altered tax rate. The Commission has initiated the process for excess moneys to be returned and savings to be realized by the ratepayers of Kansas. Other utility companies

should join these utilities in the return of excess moneys to the ratepayers of Kansas; and

WHEREAS, The Legislature relies upon the good faith efforts of the Commission to execute the will of the Legislature to best serve the ratepayers of Kansas; and

WHEREAS, The tax changes may have given utility companies moneys in excess of the costs to provide service to Kansans; and

WHEREAS, The excess money being collected by the public utility companies rightfully belongs to the ratepayers of Kansas: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we urge the Commission to provide relief as soon as possible to the ratepayers of Kansas by issuing an order requiring public utility companies subject to rate regulation to file adjustments stating the amount of federal income tax that should be lawfully collected from the Kansas ratepayers, to adjust rates reflecting the new amount, to refund Kansas ratepayers all moneys collected in excess of that amount and to act expeditiously on those adjustments; and

Be it further resolved: That we urge all utility companies that have charged rates to their customers in expectation of covering their previous tax liability and are now charging rates in excess of the cost to provide service to return this excess to the customers and ratepayers of Kansas; and

Be it further resolved: That the Secretary of the Senate shall send an enrolled copy of this resolution to the Kansas Corporation Commission chairperson and to each of the commissioners.