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Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

To: Governor Sam Brownback
Chairman Apple and members of the Senate Utilities Committee
Chairman Hedke and members of the House Energy and Environment Committee
Chairman Seiwert and members of the House Utilities and Telecommunications
Committee

Date: March 1, 2013

RE: Annual Statewide Retail Rate Impact Report

The attached report is provided pursuant to the requirements of K.S.A 66-1260 as amended by Senate Substitute for HB 2526, which was enacted by the 2012 Legislature.

The attached report provides the required data and analyses, including the following information regarding retail rate impact in Kansas:

- The Renewable Energy Standard rate impact information provided in an aggregated statewide basis;
- The formula for calculating rate impact; and,
- The rate impact of the Renewable Energy Standard and analyses.

Feel free to contact me directly with questions at (785)271-3166 or p.petersen-klein@kcc.ks.gov.

Respectfully Submitted,

Patti Petersen-Klein
Executive Director

Cc: Jeff McClanahan, Director of Utilities
Bob Glass, Chief of Economic Policy and Planning



KANSAS CORPORATION COMMISSION

Retail Rate Impact Report

2013

Retail Rate Impact Report

Renewable Energy Standard

On May 22, 2009, Kansas Governor Mark Parkinson signed HB 2369 into law. Part of this bill contained the Renewable Energy Standards Act (RES) (KSA 66-1256-66-1262). KSA 66-1258, requires cooperatively-owned (coops) and investor-owned utilities (IOUs) to meet a portion of the average of their three previous annual peak demands with renewable generation capacity or renewable energy credits (RECs).

Affected utilities are required to have at least 10% of their peak demand come from renewable resources for calendar years 2011 through 2015, at least 15% of their peak demand come from renewable resources for calendar years 2016 through 2019, and at least 20% of their peak demand come from renewable resources for calendar years 2020 onward. Capacity built in Kansas after January 1, 2000, is given an extra 10% capacity rating toward compliance. RECs may be used to comply with the RES in the years 2011, 2016, and 2020, and in any other years the Commission allows.

In response to the RES, the Commission promulgated KAR 82-16-1 through 82-16-6. KAR 82-16-2 requires each utility to submit a report to the Commission detailing compliance with the portfolio standards established in KSA 66-1258 and containing, among other things, a retail revenue requirement calculation pursuant to KAR 82-16-4.¹ During the 2012 legislative session, KSA 66-1260 was amended to require, in part, the Commission to provide a report to the legislature each year on the statewide retail rate impact related to the RES.

Because the utilities were already required to report retail revenue requirement, the only additional information required to calculate a retail rate is the volumetric sales data. On December 13, the Commission ordered the utilities² to file an updated

version of their 2012 RES reports to include this data. While much of the individual revenue requirement and related information provided in the RES compliance filings is considered confidential, Staff can compile the rate impact information and provide it on an aggregated statewide basis.

Rate Impact Calculation

The rate impact is calculated by summing up the revenue requirement³ associated with the RES for all utilities and then dividing by the sum of their retail sales:

$$\frac{\sum Rev Req_{RES}}{\sum Retail kWh}$$

The rate impact of the RES is about 0.16 cents per kWh—that is RES energy counts for about 0.16 cents kWh of the about 9.2 cents per kWh retail electricity cost in 2012 across the state. Thus, meeting the RES requires less than 2% of the revenue requirement of the utilities while supplying more than 10% of the generation capacity in the state.

¹ K.A.R. 82-16-4 Retail Revenue Requirement (Specifying the methodology for calculating the retail revenue requirement attributable to compliance with the renewable energy standards requirement).

² Kansas City Power and Light Company; Westar Energy, Inc. and Kansas Gas & Electric Co., d/b/a Westar Energy; Empire District Electric Company; Midwest Energy, Inc.; Sunflower Electric Cooperative, Inc.; and Kansas Electric Power Cooperative, Inc. where ordered to file an updated version of the August 2012 RES report by January 16, 2013 and to provide retail rate impact calculations as part of their annual RES report going forward. In addition, the Kansas City, Kansas Board of Public Utilities was requested to do the same. (Docket No. 13-GIME-391-GIE, Order Nunc Pro Tunc, January 2, 2013).

³ Revenue Requirement = (RB * ROR) + O&M + A&G + Depreciation + Taxes.