

Approved: May 2, 2003
Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:06 a.m. on March 20, 2003 in Room 526-S of the Capitol.

All members were present except: Representative Eric Carter
Representative Carl Krehbiel

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee:
Steve Miller, Sunflower Electric
Tim Rush, Great Plains Energy
Steve Ferry, Aquila
David Springe, Citizens' Utility Ratepayer Board
Larry Holloway, Kansas Corporation Commission

Others attending: See Attached List

Sub for SB 104 - Prior determination of rate-making principles and treatment

Chairman Holmes opened the hearing on **Sub for SB 104**.

Steve Miller, Senior Manager of External Affairs for Sunflower Electric Power Corporation, addressed the committee as a proponent of **Sub for SB 104 (Attachment 1)**. Mr. Miller told the committee that the bill would assure lenders, that are advancing credit toward generation projects, of the regulatory treatment of the stake of a utility in or the contract to purchase from a new generation facility. He stated that many would benefit by the passage of the bill and that it would further their goals with the Sand Sage project.

Tim Rush, Director of Regulatory Affairs for the Kansas City Power & Light Company, spoke in support of **Sub for SB 104 (Attachment 2)**. Mr. Rush explained that the passage of this bill would allow public utilities to request prior determination of ratemaking principles and treatment from the Corporation Commission.

Steve Ferry, Operating Vice President Kansas Electric division of Aquila, Inc., testified in support of **Sub for SB 104 (Attachment 3)**. Mr. Ferry stated that the bill would provide for the regulatory pre-approval for ratemaking purposes of power supply purchases and additions and transmission facilities.

Written testimony in support of **Sub for SB 104** was submitted by Whitney Damron, on behalf of The Empire District Electric Company (Attachment 4), and Terry Leatherman, on behalf of the Kansas Chamber of Commerce and Industry (Attachment 5).

David Springe, Consumer Counsel for the Citizens' Utility Ratepayer Board, appeared before the committee as an opponent to **Sub for SB 104 (Attachment 6)**. Mr. Springe stated that the bill allows a utility to seek a binding determination from the Corporation Commission of the ratemaking principles and treatment to be accorded transmission and generation projects and for power purchase contracts.

Larry Holloway, Chief of Energy Operations for the Kansas corporation Commission, testified in a neutral position on **Sub for SB 104** (Attachment 7). Mr. Holloway noted that the current bill, as amended by the Senate sub-committee, resolved all concerns except one issue. It does not require the proposed facilities to be constructed in Kansas. The Commission suggests that language be added to the definition of ‘generating facility’ and ‘transmission facility’ to include that requirement. Mr. Holloway referenced the State of Iowa laws (Attachment 8) and Iowa codes on changes in rates, charges, schedule and regulations (Attachment 9).

The conferees responded to questions from the committee. Chairman Holmes closed the hearing on **Sub for SB 104**.

The meeting adjourned at 10:18 a.m. The next meeting will be Friday, March 21, 2003.