

Approved: March 14, 2006
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 13, 2006 in Room 526-S of the Capitol.

Committee members absent: Senator Marci Francisco- excused
Senator Mark Taddiken- excused
Senator Roger Reitz- excused

Committee staff present: Athena Andaya, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Bruce Kinzie, Revisor of Statutes' Office
Ann McMorris, Committee Secretary

Conferees appearing before the committee:
Jack Glaves, Duke Energy Field Services, Wichita
Jon Callen, KIOGA, Wichita
Bill McKean, American Pipeline, Wichita
Leo Haynos, Kansas Corporation Commission

Others in attendance: See attached list

Chair continued the hearing on
SB 576 - Gas gathering facilities, regulation of

Opponents

Jack Glaves,, Duke Energy Field Services, summarized his remarks by noting that they have difficulty believing that **HB 576** solves any existing problem in the agri-economy, but it injects economic turmoil and uncertainty and inflicts costly regulatory burdens on the 100 or so gas gatherers in Kansas who will be impacted. (Attachment 1)

Jon Callen, president of Edmiston Oil Company, Inc, and current president of Kansas Independent Oil and Gas Association (KIOGA), noted the proposed bill would significantly alter industry's ability to explore for and produce natural gas in Kansas by increasing operating expenses, reducing the reliability of pipelines to purchase and increase liability exposure to consumers. (Attachment 2)

William B. McKean, representing American Pipeline Company and Woolsey Operating Company of Wichita, urged the committee not to impose new regulations on the gas gathering industry. The costs of new regulation outweigh the benefits to the rural end users. (Attachment 3)

Written testimony in opposition was submitted by:

David Bleakley, legislative chairman, eastern Kansas Oil and Gas Association. (Attachment 4)
Robert Dale Bankhead, Pioneer Natural Resources (Attachment 5)
David Bushnell, Gas Business Coordinator for OXY, USA (Attachment 6)
Steve Dillard, Pickrell Drilling Co., Inc. (Attachment 7)
Mike Vess, Vess Oil Company (Attachment 8)

The committee questioned the role of FERC , contracts for easements, regulations governing gas gathering services, costs involved, and KCC control.

Neutral -

Leo Haynos, Chief of Pipeline Safety, Kansas Corporation Commission, had prepared a series of maps of the Southwest Kansas gathering fields. He offered information on a general investigation under docket number 06-GIMG-400-GIG that is examining the facts surrounding the operation of gas gathering systems and the residential and agricultural consumption of gas delivered directly from gas gathering systems. A copy of the KCC report and recommendation is attached to his testimony. He also pointed out that the proposed language in Section 6 and Section 8 appear to be contradictory. (Attachment 9)

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on March 13, 2006 in Room 526-S of the Capitol.

Written testimony as neutral submitted by:
Gary D. Wise, Aquila (Attachment 10)

The Chair closed the hearing on **SB 576**.

The chairman announced that further discussion on **SB576** will be continued on Tuesday, March 14

Approval of Minutes

Moved by Senator Apple, seconded by Senator Lee, minutes of the meetings of the Senate Utilities Committee held on March 7, 2006 and March 9, 2006 be approved. Motion carried.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 10