

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 5, 2007 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Tatiana Lin, Legislative Fellow
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Jim Ludwig, Westar
Don Low, KCC

Others in attendance: See attached list

Chair opened the hearing on

HB 2220 - Electric utility recovery of transmission-related costs

Proponents

Don Low, Director of the Utilities Division, Kansas Corporation Commission, testified that KCC does not oppose **HB 2220**. The Commission supports the concept of a separate transmission charge on electric bills so that retail customers are aware of the transmission related electricity costs. (Attachment 1)

Jim Ludwig, Vice President Regulatory and Public Affairs, Westar Energy, noted there are two issues in the statute that needed greater clarification to address the court of appeals objections to the implementation of the TDC and the revisions in **HB 2220** address them. He suggested a change in the effective date of the bill to be when published in the Kansas Register rather than the statute book which would ensure the statute being available when the KCC revisits this issue. (Attachment 2)

The Chair asked if there were any further proponents, neutrals or opponents. Being none, the Chair closed the hearing on **HB 2220**.

Moved by Senator Francisco, seconded by Senator Reitz, **HB 2220** be amended to change the effective date of the bill to be when published in the Kansas Register. Motion carried.

Moved by Senator Francisco, seconded by Senator Petersen, **HB 2220** be moved out favorably as amended. Motion carried.

Chair opened the hearing on

HB 2033 - Certain public utility construction work in progress required to be included in rate base.

Proponents:

Jim Ludwig, Vice President Regulatory and Public Affairs, Westar Energy, explained Construction Work in Progress (CWIP) and its impact on Westar Energy and its customers. He provided two examples of the effect of CWIP on customer rates. He noted there are at least four benefits to electric utilities and their customers with **HB 2033**. (Attachment 3)

Written testimony in support of **HB 2033** was provided by Kansas City Power & Light. (Attachment 4)

Opponents:

Don Low, Director of the Utilities Division, Kansas Corporation Commission, testified **HB 2033** would remove the Commission's discretion on whether to allow cost recovery for certain utility projects that are still under construction. KCC is opposed to this bill and noted some of the conflicting considerations that come into play on the CWIP issue. (Attachment 5)

Questions from the committee on how rates are set, procedure of utility company to recapture funds if the utility construction is discontinued, and how KCC authority is involved. Due to the lack of time, the Chair

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on March 5, 2007 in Room 526-S of the Capitol.

continued the hearing on **HB 2033** to the March 6 Senate Utilities Committee meeting.

Mike Corrigan, Revisor of Statutes Office, distributed the proposed **Substitute for SB 20** (7rs1262) to the committee and will review the proposed bill as time permits in a future committee meeting. (Attachment 6)

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 6