

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 4, 2008 in Room 526-S of the Capitol.

Committee members absent: Senator Dennis Pyle- excused

Committee staff present: Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Thomas E. Wright, Chairman, Kansas Corporation Commission

Approval of Minutes

Moved by Senator Taddiken, seconded by Senator Pine, to approve the minutes of the meetings (nine) of the Senate Utilities Committee held in 2008 on: February 11, February 13, February 14, February 15, February 21, February 22, February 25, February 26, and February 27. Motion carried.

Report from the Kansas Corporation Commission

Thomas E. Wright, Chairman, Kansas Corporation Commission (KCC), noted a summary of KCC's annual report to the 2008 Legislature is attached to his testimony. The report in its entirety may be found at http://kcc.ks.gov/pi/08_legis_rpt.pdf. (Attachment 1)

KCC website now provides a word search capability for docket filings in addition to the standard docket number search. The new search option can be found by clicking on the Docket Filings link from any KCC web page or at <http://kcc.ks.gov/docket/>.

Electronic filing of docket information to the KCC should be available by spring for the filing of industry annual report. This is the first step in which the KCC will streamline the many docket filing processes and improve our internal processing of information. These changes in KCC activities will be beneficial to staff and the industry.

Mr. Wright reported on the round table discussion hosted by KCC on nuclear generation by nuclear industry experts and Kansas utility officials.

Questions from the committee:

Q. In the rate making process, does the utility approach KCC before the rates are set?

A. There are pre-hearings with regard to some forms of energy.

Q. If you have a public hearing on a rate increase, it is my understanding that the information presented by the public is not made a part of record on the website.

A. At the present we are attempting to deal with a couple of issues - what do you do with anonymously submitted material; what do you do with material that is going to cause problems if you automatically put it on your website. We are trying to find a way to screen the public input and set up rules.

Q. Who makes pre-authorization?

A. This is statutory. We follow the regular process if there are no statutes to cover it.

Q. What is the rationale for additional incentive on rate of return on investment for renewable energy?

A. I don't know the original rationale. The way our procedure works, the company will be back before us for a full hearing within a year wherein all those matters can be considered as to what their rate of return is supposed to be. This original 1% goes back 25 or 30 years and they first did that for alternative forms of energy in order to get people interested in doing it. The question of whether it was intended to represent some risk is one of the issues we have to deal with.

Q. Rate of return under the utility statute is something between 8 and 10%.

A. It happens right now that most of them fall within that range. It is a percentage that is multiplied times

CONTINUATION SHEET

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their investment and it is adjustable by the Commission.

Q. Would you comment on the docket on energy efficiency - what does it cover and when might we hear something?

A. We have two dockets that are open. Those two dockets will be decided within the next 4 or 5 months and they will address some of the questions you also have in your issues. We are looking at ways to reimburse for reducing volume of energy required to be produced.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachment - 1