

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 20, 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:

Steve Rome, Rome Farms, Hugoton
Ron Oliver, Grower, Seward County
Richard Wenstrom, Grower, Edwards County
Ed Peterson, Atty. Kansas Corn Growers Assn.
Frank Caro, Atty, PEK Irrigators, Inc & Southwest Kansas Non-Profit Utilities
Terry Holdren, Kansas Farm Bureau
Allie Devine, Kansas Livestock Assn.

Chair opened the hearing on

SB 325 - State Corporation Commission jurisdiction over gas gathering systems

Proponents:

Steve Rome, president of the Southwest Kansas Corn Growers Association, explained the problem in Southwest Kansas regarding access to gathering lines and representation for citizens who rely on these lines to transport their gas supply requirements. He noted **SB 325** cleans up previous laws governing gathering lines in providing clear guidance to the KCC. If the provisions of this bill are enacted, the legislature will finally have set a clear direction for natural gas legislation in Kansas and will give rural end users less reason to fear letters from natural gas companies. ([Attachment 1](#))

Ron Oliver, farmer in Seward County, Kansas, is dependent on irrigation gas for his farming operations. He explained the dilemma he will have if the source of gas supply is eliminated. ([Attachment 2](#))

Richard Wenstrom, landowner in Edwards County, Kansas and member of the Board of Directors of PEK Irrigators, Inc. spoke in favor of **SB 325**. He mentioned two main concerns: (1) continued access to natural gas from the gathering systems in the area; and (2) ability to negotiate a fair gas contract with the suppliers. ([Attachment 3](#))

Ed Peterson, attorney, Kansas Corn Growers Association, reviewed Sections 3, 4 and 6 of **SB 325** that codified KCC authority for full public utility regulation of existing taps. The bill also addresses Non-Profit Utilities (NPU) in Section 5 to provide express authority to the KCC to determine whether new service or abandonment of service to NPUs is in the public interest. ([Attachment 4](#))

Frank Caro, representing PEK Irrigators, Inc. and the Southwest Kansas Non-Profit Utilities, focused on four main issues: (1) brief history of issues surrounding gas gathering systems; (2) interplay between previously enacted legislation regarding gas gathering systems and **SB 325**; (3) KCC's recent investigation and Order regarding the legal and policy issues that exist regarding gas gathering regulation; and (4) the need to enact **SB 325** to remedy issues regarding the regulation and oversight of gas gathering systems and why the KCC is the appropriate agency to regulate and oversee these issues. ([Attachment 5](#))

Terry Holdren, National Director, Governmental Relations, Kansas Farm Bureau, notes that KFB supports **SB 325** as it provides clarification on KCC jurisdiction over potential residential taps and use for agricultural operations. ([Attachment 6](#))

Allie Devine, Kansas Livestock Association, reported that due to their membership being gas customers, KLA supports **SB 325** as a means for their members to address some of the problems they have experienced. ([Attachment 7](#))

CONTINUATION SHEET

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Mary K. Miller, Vice President Regulatory and State Government Affairs, Northern Natural Gas, provided written testimony in support of **SB 325**. (Attachment 8)

Questions from the committee regarding services and pricing functions, requested KCC to provide comments and recommendations.

Hearing on **SB 325** continued to February 21, 2007 at which time the opponents would testify.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 8