

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Stan Clark at 9:30 a.m. on January 15, 2004 in Room 526-S of the Capitol.

All members were present except:

Senator Jim Barone- excused
Senator Karin Brownlee- excused

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Emalene Correll, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:

Tom Day, Kansas Corporation Commission
John Cita, Chief Economist, Kansas Corporation Commission

Others attending:

See Attached List.

Thomas Day, Legislative Liaison, Kansas Corporation Commission, presented the KCC request to introduce the following legislation: (1) Amend KSA 66-138 and 66-177 and (2) New statutory language for affiliated interests of jurisdictional utilities. (Attachment 1)

Bruce Kinzie, Revisor of Statutes Office, had prepared a draft of the proposed statute changes and reviewed this paper with the committee. (Attachment 2)

Moved by Senator Emler, seconded by Senator Lee, the proposed legislation be introduced. Motion carried.

Price of Natural Gas - History and Forecast

John Cita, chief economist, Kansas Corporation Commission, covered the following topics: (1) a look back on the price of natural gas; (2) current gas prices; (3) a look ahead; (4) gas bill affordability; (5) gas volatility; and (6) gas price hedging. Mr. Cita presented gas prices by year for inflation adjusted prices and average winter prices; for bundled price of gas and forecast future prices. He discussed the affordability of residential gas bills and natural gas price volatility. He explained the purpose of gas hedge programs and the implementation of hedge programs by Kansas gas utilities. He reported the results of some marketing research and how the utilities and KCC have responded. Hedge program performance. Research for several years has shown that consumers have used less natural gas in each household each succeeding year and the reasons (1) consumers are becoming more conservative; (2) more energy efficient household appliances; (3) new houses are built more energy saving. (Attachment 3)

Chairman announced computer training sessions would be held for the committee on Friday, January 16 and Tuesday, January 20. The next meeting of the committee is scheduled for January 21.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

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